

## SENATE.

FRIDAY, December 22, 1922.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, we look with gladness of heart toward Thee this morning. We bear in mind the time of the year with all its happy associations, and ask that we may have in our hearts the larger conception of human kindness, that we may deal with the things of time and sense as in Thy presence, and always feel inspiration new and bright and holy as we think of the Christ born in Bethlehem. And we ask that in His name our hearts may be full of hope this day. Amen.

ROBERT N. STANFIELD, a Senator from the State of Oregon, appeared in his seat to-day.

The reading clerk proceeded to read the Journal of the proceedings of the legislative day of Saturday, December 16, 1922, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

## SENATOR FROM VIRGINIA.

Mr. GLASS. Mr. President, I present the credentials of my colleague [Mr. SWANSON] as a Member of the Senate for the term beginning the 4th of March next. I ask that the credentials be accepted and filed in the usual course.

The PRESIDENT pro tempore. The credentials will be printed in the Record and placed on the files of the Senate.

The credentials are as follows:

## COMMONWEALTH OF VIRGINIA.

To all to whom these presents shall come, greeting.

This is to certify that at a meeting of the board of State canvassers, held at the office of the secretary of the Commonwealth the fourth Monday in November, 1922, on an examination of the official abstract of votes on file in that office, it was ascertained and determined that at the general election held on the first Tuesday after the first Monday in November, 1922, for United States Senator from the State of Virginia, CLAUDE A. SWANSON was duly elected United States Senator from the State of Virginia for the term prescribed by law.

Given under my hand and seal of office at Richmond, this 27th day of November, 1922.

[SEAL.]

B. O. JAMES,  
Secretary of the Commonwealth.

## PETITIONS.

Mr. FLETCHER presented a petition of Jacksonville Chapter, Florida Daughters of the American Revolution, of Jacksonville, Fla., praying for the prompt passage of legislation establishing a national park at Yorktown, Va., which was referred to the Committee on Appropriations.

Mr. LADD presented petitions of sundry citizens of Wheelock, Spring Brook, Fullerton, Park River, Baldwin, Portland, New Salem, Russell, Carrington, and Tappen, all in the State of North Dakota, praying for the enactment of legislation stabilizing the prices of wheat, which were referred to the Committee on Agriculture and Forestry.

## REPORTS OF COMMITTEES.

The PRESIDENT pro tempore. The present occupant of the chair, as chairman of the Committee on Interstate Commerce, reports from that committee what is known as the truth in fabric bill (S. 799), and asks that it may be placed on the calendar.

Mr. CUMMINS, from the Committee on Interstate Commerce, to which was referred the bill (S. 799) to prevent deceit and unfair prices that result from the unrevealed presence of substitutes for virgin wool in woven fabrics purporting to contain wool and in garments or articles of apparel made therefrom, manufactured in any Territory of the United States or the District of Columbia, or transported or intended to be transported in interstate or foreign commerce, and providing penalties for the violation of the provisions of this act, and for other purposes, reported it with amendments.

Mr. NELSON, from the Committee on the Judiciary, to which was referred the bill (S. 425) fixing the salaries of certain United States attorneys and United States marshals, reported it with amendments, and submitted a report (No. 962) thereon.

## GRADING OF COAST GUARD OFFICERS.

Mr. JONES of Washington. From the Committee on Commerce, to which was referred the bill (H. R. 10531) to distribute the commissioned line and engineer officers of the Coast Guard in grades, and for other purposes, I report it without amendment and submit a report (No. 958) thereon.

Mr. President, this is a bill which was very carefully considered in the House and finally passed. It provides for a

regrading of the Coast Guard and enables promotions to be made, but does not add to the number of the personnel at all. The Coast Guard under the present system is absolutely deteriorating and unless something is done it will disappear. The committee considered the matter very carefully and report the House bill without any amendment.

According to a letter from the Secretary of the Treasury, it would entail about \$12,500 additional expense. It provides for a little more rapid promotion of the officers. There are men in the service who have been there for thirty-odd years who are now simply lieutenants, and we feel that some action ought to be taken to relieve the situation. Under these circumstances I ask unanimous consent for the present consideration of the bill.

Mr. SMOOT. I think the bill had better go over.

Mr. BORAH. I did not apprehend that there was going to be a request for its present consideration and, therefore, was not paying attention to what the Senator said. I did not suppose it was going to be brought up for consideration at this time.

Mr. JONES of Washington. The Senator from Utah has said he would like to have it go over. I hope Senators will look into it fully, in the hope that we may at an early date pass what I think is very much deserved legislation.

The PRESIDENT pro tempore. The bill will be placed on the calendar.

## ART AND INDUSTRY BUILDING.

Mr. FERNALD. Mr. President, from the Committee on Public Buildings and Grounds I report back favorably with amendments the joint resolution (S. J. Res. 218) to create a commission to consider the proposal of a central building for art and industry in the District of Columbia, and I submit a report (No. 959) thereon. I ask that the joint resolution as proposed to be amended be read and that it may have immediate consideration. I should like to make a brief statement after the reading of the joint resolution.

The PRESIDENT pro tempore. The Secretary will read the joint resolution as requested.

The amendments were, on page 1, line 3, after the words "consisting of," to strike out "three" and insert "two"; on page 2, line 2, before the word "Members," to strike out "three" and insert "two"; and in line 4, before the words "to consider," to insert "and four additional members to be selected by the President of the United States, who shall represent the executive branch of the Government and the public," so as to make the joint resolution read:

Whereas the American Arts and Industries Association proposes to create a national art center for applied and industrial arts to encourage, organize, and develop American art and industry to higher standards of quality for supremacy in world trade; and

Whereas the association has expressed a desire to establish this center in the District of Columbia because of the national industrial, artistic, and patriotic significance of such center; and

Whereas the association contemplates the erection of a central building and is desirous that it should harmonize and accord with the public buildings program of the District of Columbia: Therefore be it

Resolved, etc., That a commission is hereby created, consisting of two Members of the Senate, appointed by the Vice President, and two Members of the House of Representatives, appointed by the Speaker, from the Senate and House Committees on Public Buildings and Grounds, respectively, and four additional members to be selected by the President of the United States, who shall represent the executive branch of the Government and the public, to consider the proposal of the American Arts and Industries Association and to report upon it as soon as practicable with such indorsement and recommendations as are deemed advisable.

The PRESIDENT pro tempore. The Senator from Maine asks for the immediate consideration of the joint resolution. Is there objection?

Mr. UNDERWOOD. I understand this is merely a joint resolution appointing a committee of the two Houses to consider the proposition of reporting a bill for the development of art and industry. I have no objection to the proposition because there is nothing final in it up to this time.

Mr. SMOOT. There is no expense attached to it.

Mr. CARAWAY. Mr. President, I wish to ask the Senator from Maine what is his object in having a congressional committee for this purpose? What ends are to be served?

Mr. FERNALD. It is a great proposition. It is proposed to erect a building that will cost in the neighborhood of \$20,000,000, not at the Government's expense but at the expense of men who are amply able to erect it for philanthropic purposes. When the proposition was first presented to me I felt that it was a visionary matter, but upon investigation and from letters that were received from large financial interests of the country, as well as the most talented people—and the association is numerically very large—I became convinced that it is a proposition worthy of attention by the Government. Of course, any building erected in the District would necessarily have to be under Government control.



Mr. CARAWAY. It would be under the Fine Arts Commission?

Mr. FERNALD. The joint resolution would authorize the President of the United States to appoint four members. We have changed the original resolution, which provided for three members from the House and three from the Senate, so that it now provides for two from each body and that each party might be represented. The proposition is large enough and has sufficient glory for the whole country. It ought to be nonpartisan, and I feel that in that way we might have the entire Congress behind the proposition.

Mr. CARAWAY. Pardon me, but may I ask what useful purpose the committee is to serve?

Mr. FERNALD. The committee would go into the details of the matter, determine the size of the building, where it should be located, under what governmental supervision, and so forth.

Mr. FLETCHER. The committee would then ascertain what the prospects were for putting up the building and who would pay for it, and so forth?

Mr. FERNALD. Yes; it would go into all the details.

Mr. FLETCHER. Without any expense to the Government?

Mr. FERNALD. Without any expense at all to the Government.

Mr. McKELLAR. Is it proposed that the Government shall be called upon for any help in erecting the building or taking part in it?

Mr. FERNALD. Not in the joint resolution.

Mr. McKELLAR. Is it finally intended?

Mr. FERNALD. It is not proposed finally, except that possibly the Government should donate a site for the building. That is all that is contemplated.

Mr. CARAWAY. Is it not something like the proposition when we built the Lincoln Memorial? We agreed it should cost so much, but built it without the approaches. Will there not finally be a contribution somewhere from the Government? Is not that the object of it?

Mr. FERNALD. It is the purpose of the committee to ascertain all the details.

Mr. CARAWAY. Is it the purpose finally to unload the burden of construction largely upon the Public Treasury?

Mr. FERNALD. Not at all.

Mr. CARAWAY. It is not now, but is it not to be done after the site has been determined upon?

Mr. FERNALD. I would not approve of anything of that kind.

Mr. CARAWAY. I am not saying that the Senator would, but the people who are sponsoring it would want it.

Mr. FERNALD. No; the people who are behind the proposition have proposed to erect the building. It has been under consideration for some years. It has never been finally determined where the building should be erected.

Mr. CARAWAY. Would not that be largely left, if we had this committee, to the Commission on Fine Arts?

Mr. FERNALD. It would be left to this committee. They could call in such people as they might deem proper.

Mr. McKELLAR. Let me ask the Senator if there is any money already raised for the purpose of carrying out the project?

Mr. FERNALD. Not at all, except that the association has already expended more than \$100,000 in getting plans and making preparations for the erection of the temple.

Mr. CARAWAY. Are the plans already prepared?

Mr. FERNALD. They are roughly prepared.

Mr. CARAWAY. Then what object is there in calling in a committee after the plans have already been adopted?

Mr. FERNALD. I assume it will be necessary to have somebody go into the details on behalf of the Government.

Mr. CARAWAY. Does the Senator think there is anyone in Congress qualified technically to pass upon the plans and specifications for a building costing \$20,000,000?

Mr. FERNALD. They could bring in such experts as they pleased.

Mr. CARAWAY. And who would pay those experts?

Mr. FERNALD. There is nothing provided in the joint resolution for that purpose.

Mr. CARAWAY. But the Senator knows who is expected to pay for them.

Mr. FERNALD. I suppose the association is to pay all the bills. That is the proposition. It is a philanthropic work. The association is composed of very many multimillionaires. They have decided long since to erect a temple which shall be the finest in beauty and architectural grandeur of anything that has ever been conceived in the world's history, a building which it is conceived will cost at least \$20,000,000 to \$30,000,000. Every city in the United States would be anxious to have the

building erected within its borders, but the District, it seemed to me, was the proper place for it.

We have been for some years now doing nothing toward beautifying the city of Washington, and now, without expense to the Government at all, because we are asked for no appropriation, these people, after deciding that they would erect the temple, have presented the proposition to the Committee on Public Buildings and Grounds. We considered it very carefully, went into details so far as we could, and decided that it was at least worthy of consideration; and in the appointment of a committee to investigate it, the association asks for no money at all, but I assume the Government would be asked to furnish the site.

Mr. CARAWAY. I wonder if back of all that—

Mr. FERNALD. If the joint resolution is to lead to discussion, of course, I do not want to consume the further time of the Senate now.

Mr. CARAWAY. I shall take but a moment. I presume back of all this would be a provision also to exempt it from the payment of any taxes?

Mr. FERNALD. Those details would be worked out by the committee.

Mr. CARAWAY. Is not that the object in having the Government furnish the site? I am just trying to find out.

Mr. FERNALD. I do not know about that. I have not gone into that question. That proposition has not been presented to our committee.

Mr. CARAWAY. When did the idea first occur to those people that they wanted Congress to have something to do with it?

Mr. FERNALD. It is supposed that Congress ought to have something to do with the erection of the building. It is not assumed, of course, that the Congress of the United States would allow such a building to be erected in this city unless the Government did have supervision over it.

Mr. CARAWAY. I am curious to know why.

Mr. SMOOT. Let the joint resolution go to the calendar.

Mr. FERNALD. If it seems necessary to discuss the matter further, I am willing to let the joint resolution go to the calendar and not take the further time of the Senate now.

Mr. CARAWAY. I am not going to take more than a minute. We shall lose just as much time by discussion on the next bill as we will on this if we are denied the right now to discuss the matter.

Mr. FERNALD. I shall be glad to answer any question which the Senator from Arkansas may desire to ask.

Mr. CARAWAY. I simply wish to know—and I am not trying to cross-examine the Senator from Maine; he understands that—

Mr. FERNALD. I understand that.

Mr. CARAWAY. But the Senator has the information, and I have not. Is there any reason why the association indicated in the joint resolution desires Congress to supervise the construction of the proposed building?

Mr. FERNALD. I do not know that they wish Congress to do so, but I desire that Congress shall. The committee felt that Congress ought to supervise the construction of a building of such magnitude.

Mr. CARAWAY. Did the suggestion originate with Congress or with the association?

Mr. FERNALD. To what suggestion does the Senator from Arkansas refer?

Mr. CARAWAY. I refer to the suggestion to pass a joint resolution creating a commission.

Mr. FERNALD. The committee felt that it was very proper that such a commission should be created.

Mr. CARAWAY. And there was no such suggestion from those who desire to erect the building?

Mr. FERNALD. I do not know that they made any suggestion of that kind.

Mr. KELLOGG. Mr. President, I call for the regular order, if this discussion is going on all day.

The PRESIDENT pro tempore. Is there objection?

Mr. CARAWAY. I have the floor.

The PRESIDENT pro tempore. The question now before the Senate is whether the unanimous consent asked for by the Senator from Maine shall be granted.

Mr. CARAWAY. If the Senator from Minnesota [Mr. KELLOGG] wishes to take me off my feet in that way, I will object to the request for unanimous consent, and then I will take just as much time in the discussion of the next bill as I had intended to consume on this bill, so the Senator will not save any time. He can be personally offensive if he wants to, but he is not going to save any time by it.

Mr. KELLOGG. I am not trying to prevent the Senator from Arkansas from speaking; he may take all day if he wants



to; but I understood the Senator from Maine to say that if the joint resolution consumed more than a brief time he would not press it.

Mr. CARAWAY. I know the Senator from Maine so stated. The Senator from Minnesota can take me off my feet if he wants to do so, but I shall take the time on the next bill, so the Senator from Minnesota will be disappointed if he thinks he will save time by this rather unusual procedure. I am going to make my statement now or I am going to make it later on, and I am going to object to the joint resolution if this procedure is to be followed; otherwise it will take but a few moments of time.

The PRESIDENT pro tempore. Is there objection?

Mr. UNDERWOOD. I do not think it is desired to stop business by a rough-house a day or so before Christmas. I ask unanimous consent that the Senator from Arkansas may be allowed to make his statement.

Mr. CARAWAY. I do not wish to have unanimous consent for that purpose. If the Senator from Minnesota [Mr. KELLOGG] desires to insist on his objection I wish him to do it.

Mr. KELLOGG. I have no objection.

Mr. UNDERWOOD. I ask unanimous consent that the demand for the regular order be withdrawn.

Mr. KELLOGG. I withdraw my demand for the regular order. If the Senator from Arkansas desires to do so he may occupy the remainder of the afternoon.

Mr. UNDERWOOD. I understand the demand for the regular order is withdrawn, Mr. President.

The PRESIDENT pro tempore. The Chair so understands.

Mr. CARAWAY. All I wish to know is, under this proposed legislation how much is Congress probably going to be asked to expend? I do not like to rush into these things without fully understanding the situation.

Mr. FERNALD. Mr. President, I am glad to answer the Senator's question. The committee went into this matter very carefully. I am not not easily carried away by visionary or ethereal proposals. Before we would consider the subject at all I told the representative who appeared that until I was satisfied that the project had financial backing sufficient to erect the building and that the association wanted to erect it, I did not feel that it was of sufficient importance to bring the matter before the committee. Mr. Bradley, of New York, the attorney for the association, appeared and stated that the money was forthcoming from somewhere to erect the building, and that the Government would not be asked to make any contribution at all; but I assumed on my own responsibility that the Government might be asked to furnish a site; and I think that will be the extent of the Government's contribution. Those back of this project propose to erect the building with their own money.

The PRESIDENT pro tempore. Is there objection to the consideration of the joint resolution?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution.

The PRESIDENT pro tempore. The question is on agreeing to the amendments reported from the Committee on Public Buildings and Grounds.

The amendments were agreed to.

The joint resolution was reported to the Senate as amended, and the amendments were concurred in.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

#### ESTABLISHMENT OF BATTELL NATIONAL PARK, VT.

Mr. SMOOT. From the Committee on Public Lands and Surveys I report back the bill (S. 1080) to provide for the establishment of Battell National Park, in the State of Vermont, with the recommendation that the bill be indefinitely postponed. I make that motion.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Utah that the bill be indefinitely postponed.

The motion was agreed to.

Mr. SMOOT. From the Committee on Public Lands and Surveys, in lieu of the bill which has just been indefinitely postponed, I report a Senate concurrent resolution and ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. The Secretary will read the concurrent resolution for the information of the Senate.

The concurrent resolution (S. Con. Res. 30) was read, as follows:

Whereas Joseph Battell, deceased, late of Middlebury, county of Addison, State of Vermont, in and by his last will and testament devised to the Government of the United States of America about 3,900 acres of land situated in the towns of Lincoln and Warren, in the State of Vermont, for a national park; and

Whereas said lands were devised to the United States of America upon certain conditions, among which were the following: That the Government should construct and maintain suitable roads and buildings upon the land constituting such national park for the use and accommodation of visitors to such park, and should employ suitable caretakers to the end and purpose that the woodland should be properly cared for and preserved so far as possible in its primitive beauty; and

Whereas it is deemed inexpedient to accept said devise and to establish a national park in accordance with the terms thereof: Be it Resolved by the Senate (the House of Representatives concurring), That the acceptance of said devise so made by Joseph Battell in his last will and testament be declined by the Government of the United States, and that the estate of the said Joseph Battell be forever discharged from any obligation to the United States growing out of the devise before mentioned.

The PRESIDENT pro tempore. Is there objection to the present consideration of the concurrent resolution?

Mr. WARREN. I have no objection, unless it shall lead to debate.

Mr. SMOOT. I do not think it will lead to any debate; but I will say a word of explanation, if the Senate desires.

The PRESIDENT pro tempore. The Chair hears no objection, and the question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to.

The preamble was agreed to.

Mr. SMOOT. Mr. President, for the record I ask that a letter from the Acting Secretary of the Interior may be printed in the RECORD in order to explain the action taken by the committee.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF THE INTERIOR,  
Washington, June 2, 1921.

Hon. REED SMOOT,  
Chairman Committee on Public Lands,  
United States Senate.

MY DEAR SENATOR: I have your request of April 23, 1921, for a report on S. 1080, Sixty-seventh Congress, first session, entitled "A bill to provide for the establishment of Battell National Park, in the State of Vermont." This bill is identical with S. 4644 of the Sixty-sixth Congress.

From our records and the form of the proposed bill it appears that the area in question covers about 3,900 acres of land situated in the towns of Lincoln and Warren in the State of Vermont, which were devised to the United States of America for national-park purposes under the will of Joseph Battell, late of Middlebury, Addison County, Vt.

Before these lands could be accepted for the purpose indicated, they would require a careful inspection by a representative of the National Park Service. A large number of details have to be considered preliminary to the creation of national parks, such as whether the area in question expresses in the highest terms the kind of exhibit they represent, and whether the park, if and when created, would be susceptible of effective administration and control. No investigation of these features has been made in the case of the lands covered by the present bill, and until it has been made the department is not in a position to render a report.

Respectfully,

E. C. FINNEY, Acting Secretary.

#### BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON:

A bill (S. 4221) to amend section 439 of the transportation act of 1920; to the Committee on Interstate Commerce.

By Mr. REED of Pennsylvania:

A bill (S. 4222) to amend the act entitled "An act to limit the immigration of aliens into the United States," approved May 19, 1921, as amended and extended; to the Committee on Immigration.

By Mr. JONES of New Mexico (by request):

A bill (S. 4223) to establish a court of claims and to provide for the settlement of land claims of persons not Indian within Pueblo Indian lands and land grants in the State of New Mexico; to the Committee on Public Lands and Surveys.

By Mr. WILLIAMS:

A bill (S. 4224) authorizing a loan of \$20,000,000 to Armenia, provided the conference at Lausanne, Switzerland, makes adequate territorial provision for an Armenian national home; to the Committee on Finance.

By Mr. SUTHERLAND:

A bill (S. 4225) for the relief of John W. Coontz; to the Committee on Military Affairs;

A bill (S. 4226) for the relief of Frances V. Dodge; and

A bill (S. 4227) for the relief of the General Hospital of Weston; to the Committee on Claims.

By Mr. McKELLAR:

A bill (S. 4228) granting a pension to Oscar E. Glenn (with accompanying papers); to the Committee on Pensions.

By Mr. NORBECK (by request):

A bill (S. 4229) to provide credit facilities for the orderly marketing of agricultural products and for the preservation



and development of agriculture and of the live-stock industry of the United States; to extend and stabilize the market for United States bonds and other securities; to provide fiscal agents for the United States; to amend the Federal reserve act; to amend the Federal farm loan act; to provide for Federal cooperative banks, and for other purposes; to the Committee on Banking and Currency.

By Mr. TOWNSEND:

A joint resolution (S. J. Res. 261) providing for proportionate distribution among the States of surplus war material; to the Committee on Military Affairs.

#### THE RULES OF THE SENATE.

Mr. JONES of Washington. I submit a resolution and ask that it may be read and lie on the table, and I give notice that I will call it up at the first opportunity hereafter.

The resolution (S. Res. 385) was read and ordered to lie on the table, as follows:

*Resolved*, That a special committee of five, to be composed of Senators who will be Members of the Sixty-eighth Congress, to be appointed by the Vice President, no more than three to belong to the same political party, is hereby authorized. Such committee is authorized and directed to study the rules of procedure of the Senate and to report and recommend what changes should be made in order to expedite business and to enable a majority to bring a question to a vote for final action and at the same time afford reasonable protection for the rights of the minority. Such committee shall submit its report and recommendations to the Senate on or before the second Monday after the opening of the first session of the Senate in the Sixty-eighth Congress.

#### NAVAL APPROPRIATIONS.

Mr. BORAH. I desire to submit the notice which I send to the desk and ask that it may be read and printed.

The PRESIDENT pro tempore. The Senator from Idaho presents a notice, which will be read by the Secretary.

The Assistant Secretary read as follows:

I hereby give notice that under Rule XL I will move to suspend paragraph 3 of Rule XVI in order that I may propose to the act (H. R. 13374) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1924, and for other purposes, the following amendment:

Sec. —. That the President is authorized and requested to invite such governments as he may deem necessary or expedient to send representatives to a conference which shall be charged with the duty of considering the economic problems now obtaining throughout the world with a view of arriving at such understandings or arrangements as may seem essential to the restoration of trade and to the establishment of sound financial and business conditions; and also to consider the subject of further limitation of armaments with a view of reaching an understanding or agreement upon said matter both by land and by sea, and particularly relative to limiting the construction of all types and sizes of subsurface and surface craft of 10,000 tons standard displacement, or less, and of aircraft.

The PRESIDENT pro tempore. Morning business is closed.

Mr. WARREN. I ask unanimous consent that the Senate proceed to the consideration of House bill 13374, being the naval appropriation bill.

The PRESIDENT pro tempore. The Senator from Wyoming asks unanimous consent that the Senate proceed to the consideration of House bill 13374, being the bill making appropriations for the Navy Department. Is there objection?

Mr. KING. Mr. President, the bill to which the Senator from Wyoming has just directed attention is one of great importance.

Mr. WARREN. I asked unanimous consent, Mr. President, for the consideration of the bill.

Mr. KING. I so understood.

The PRESIDENT pro tempore. The Chair propounded the request of the Senator from Wyoming and the Senator from Utah is now making some observation.

Mr. WARREN. Does the Senator from Utah object to the request?

Mr. KING. Certainly; the Senator from Wyoming can not take me off the floor, and ought not to insist upon a categorical answer.

Mr. WARREN. I had the floor and the Senator can not take me off the floor.

Mr. KING. The Senator did not have the floor. The Chair had asked if there was objection, and I arose, addressed the Chair, and received recognition.

Mr. WARREN. Mr. President, if there is objection to the request for unanimous consent, I shall move that the bill be considered at this time.

The PRESIDENT pro tempore. The Chair had propounded to the Senate the request of the Senator from Wyoming and was awaiting the response of the Senate.

Mr. KING. And I addressed the Chair and received recognition.

Mr. LODGE. It is not a debatable question.

The PRESIDENT pro tempore. The Chair has recognized the Senator from Utah.

Mr. KING. Mr. President, if the two distinguished Senators upon the other side who are now standing in their places and

looking alternately at me and at the Chair would possess their souls in patience for a moment, we might reach a happy termination. I was about to ask the Senator from Wyoming, in view of the fact that it is an important bill, carrying more than \$300,000,000 in appropriations, and in view of the fact that it was but yesterday reported by the committee to the Senate, so that there has been no opportunity for an examination of its provisions, if he would not consent to let it go over for a day and give us full opportunity to investigate the bill and the numerous items which are found therein?

Mr. WARREN. Mr. President, if the Senator is addressing his question to me—

Mr. KING. I am.

Mr. WARREN. I should like, as I always like to do, to accommodate the Senator from Utah; but the time is somewhat limited, and the bill has been under preparation a good while, and very carefully scanned, and it makes very few changes as to the various matters. I will ask the Senator if this suggestion will not meet with his views: I think we would better take up the bill and proceed with it, and if the Senator at any one point would like to lay a matter aside until we go on with the other items we will proceed not in any hurried way, but we must move along.

Mr. KING. The Senator knows that I am not disposed to offer any impediment whatever to a fair consideration of these bills.

Mr. WARREN. I shall endeavor to cooperate with the Senator.

Mr. KING. And yet the Senator knows that the Navy bill as well as the Army bill, particularly the Navy bill, ought to receive considerable attention at the hands of the Senate; and the fact that a subcommittee or a full committee have considered the items, and the members of those committees may be familiar with them, does not argue that the rest of the Senate ought not to have an opportunity to familiarize themselves with the various items, and to satisfy themselves as to the wisdom of the very large appropriations carried in this bill.

Mr. WARREN. Mr. President, the Senator from Wyoming will endeavor to see that the Senator from Utah has abundant opportunity, as we go along, to give such consideration as we are able to give to these matters; but there are 96 Senators, as the Senator knows, and it would be difficult to arrange these appropriation bills, of which we have so many to dispose of in a short time, so as to comport exactly with the request of each and every Senator. I think that with the condition the bill is in, as the Senator knows—perhaps he has already given it attention—we could go along, and the Senator certainly will have abundant time to correct anything that he thinks is wrong.

Mr. KING. Of course, the Senator appreciates the fact that sometimes, without an opportunity to examine the testimony which was submitted in the House—and I find here testimony of seven or eight hundred pages—inquiries are made upon the floor of the Senate which would not be made if full opportunity were given to examine the testimony and the hearings. In other words, the debate is more or less unsatisfactory. It consists, perhaps, in asking questions which would not be asked if opportunity were given to Members to investigate. It is obvious that since this bill came before the Senate no Senator has had an opportunity to examine it, to go through the hearings, and to familiarize himself with the provisions of the bill.

Mr. WARREN. Mr. President, there are thousands of pages of testimony concerning these appropriation bills. Of course, neither the committee nor I have any power of compelling attention to those matters, but the desire on the part of the committee is to extend every courtesy. I know the Senator will not complain of the way we have conducted the bills.

I move that we now take up the appropriation bill for consideration.

Mr. KING. I realize, of course, the power of the Senator to have it taken up on motion.

The PRESIDENT pro tempore. The Senator from Wyoming withdraws his request for unanimous consent and moves that the Senate proceed to the consideration of House bill 13374.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 13374) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1924, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. WARREN. Mr. President, it is usual to ask consent to omit the formal first reading of the bill and then to have it read for amendment, and that the committee amendments shall be first considered. I therefore make that request now.

The PRESIDENT pro tempore. The Senator from Wyoming asks unanimous consent that the formal reading of the bill be



dispensed with, and that the bill be read first for action on the committee amendments.

Mr. KING. That means, of course, a reading of the full text of the bill?

Mr. LODGE. Absolutely.

Mr. WARREN. Oh, yes.

The PRESIDENT pro tempore. Is there objection?

Mr. BORAH. Mr. President, I am not going to object to the request, but I should like to know what the program is with reference to this bill. There seems to have been an impression that there would not be very much consideration of this measure, but I am satisfied that there will be considerable consideration of it.

Mr. WARREN. I agree with the Senator. I think there will be great consideration of the bill; and that is one of the reasons why I wish to have it taken up early and proceed with it according to the convenience of the various Senators.

Mr. BORAH. Very well. I shall not object to this request, but may I ask another question? Is it anticipated that we are to conclude the consideration of this bill to-day?

Mr. WARREN. I consider it somewhat doubtful, but I should like to pursue its consideration as long as we can. As the Senator knows, if it goes over until next week we are likely to lose an entire week except for the consideration of this bill; so we must move along.

Mr. BORAH. I do not desire to take up a moment's time except to consider those things which I think are very vital. I certainly shall not object to this request; but I doubt if there is a quorum in the city, and certainly we would not want to undertake to dispose of this measure without a quorum of the Senate.

Mr. HEFLIN. Mr. President, I do not intend to object to the request of the Senator from Wyoming. I should just like to inquire if the total appropriation carried in this bill is larger than the last appropriation, just prior to the Arms Conference which was held in the city of Washington?

Mr. POINDEXTER. The comparative figures are given in the report of the committee. They exceed the appropriations for 1923 by \$1,250,904.75.

Mr. HEFLIN. How much was the last appropriation?

Mr. POINDEXTER. The last appropriation, for the fiscal year 1923, was \$294,353,473.25.

Mr. HEFLIN. Was that for the fiscal year ending June 30, 1922?

Mr. POINDEXTER. No; that was for the current fiscal year, ending June 30, 1923.

Mr. HEFLIN. Was that the last appropriation bill?

Mr. POINDEXTER. Yes; that was the last act.

Mr. HEFLIN. And this appropriation is larger than that?

Mr. POINDEXTER. This is larger than that by a million and a quarter dollars.

Mr. HEFLIN. So that it is costing more money to keep up the Navy now than it was before we had the Arms Conference?

Mr. POINDEXTER. No; it is not costing as much, but an increased appropriation is carried in this bill in the interest of economy, to carry out without interruption and without slowing down the work upon the ships that were retained under the Arms Limitation Conference and treaty.

Mr. HEFLIN. But the point I am making is that this appropriation is larger than the appropriation which was made before we undertook to do something to prevent excessive armament and the expenditure of enormous sums of money in the upkeep of the Navy.

Mr. POINDEXTER. The last appropriation was made in contemplation of the Arms Limitation Conference. That appropriation was affected by the conference. It would have cost over \$305,000,000 to complete the building program under the act of 1916. It will cost only a little over \$100,000,000 to complete it as limited and modified by the Arms Limitation Conference.

Mr. HEFLIN. There is one other question that I want to ask the Senator. Is the amount provided for in this bill as reported by the Senate committee larger or smaller than the amount which was provided for in the bill when it came over from the House?

Mr. POINDEXTER. It is larger.

Mr. HEFLIN. I simply want to call attention to that point—that frequently appropriations are cut down in the House, and some Republican rushes into print with the statement that they are going to save to the Government so many million dollars on this item and that, and when those bills get over here the amounts are put back and more, and the amounts are larger than they were when the bill left the House, and the amount that they claim is saved to the people is not really saved at all. Instead of cutting down the appropriation it is

increased, at the cost and expense of the taxpayers of the United States. I am not going to object to the request of the Senator. I have no objection to taking the bill up for consideration at this point.

Mr. FLETCHER. Mr. President, may I interrupt the Senator to suggest—

Mr. HEFLIN. I yield to the Senator.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Wyoming? The Chair hears none, and it is so ordered.

Mr. KELLOGG. Mr. President—

The PRESIDENT pro tempore. The Senator from Minnesota.

Mr. HEFLIN. Mr. President, I had not yielded the floor. I had yielded to the Senator from Florida, but the Chair did not hear him.

The PRESIDENT pro tempore. The Chair is of the opinion that a discussion of the bill is not in order upon a request for unanimous consent.

Mr. HEFLIN. I had completed what I had to say.

Mr. FLETCHER. The Senator from Alabama was not discussing the bill. He was asking some questions about it, and I was simply pointing out that the bill exceeds the estimates for 1923 by over \$800,000.

Mr. KELLOGG. Mr. President, I think I have the floor.

The PRESIDENT pro tempore. The Chair has recognized the Senator from Minnesota.

Mr. POINDEXTER. Mr. President, in further answer to the question asked by the Senator from Alabama as to the effect upon the appropriations of the Arms Limitation Conference, I should like to call his attention to the fact that the amount carried in the naval appropriation bill for the fiscal year 1922, the last appropriation bill preceding the Arms Limitation Conference, was \$413,239,949, which was \$180,879,181 more than the appropriation for the first year under the Arms Limitation Conference treaty.

#### TAXATION OF NATIONAL BANKS.

Mr. KELLOGG. Mr. President, I do not wish to delay the consideration of the naval appropriation bill, but there is a matter of very great importance to the whole country which I feel it my duty to call to the attention of the Senate for a few moments. It is the rule for the taxation of national banks.

More than a year ago bills were introduced in the House and in the Senate—in the Senate by the senior Senator from New York [Mr. WADSWORTH] and myself—to change the law permitting the States to tax national banks and to change the rule of taxation. One bill passed the House, a bill which was absolutely ineffectual, which did not give any relief whatever. When the bill came to the Senate it went to the Committee on Banking and Currency, about a year ago. Last June it was referred to a subcommittee of the Committee on Banking and Currency. I personally appeared several times before the committee and argued the matter, showing how in some States banks were recovering back their entire taxes. In the city of New York alone the banks have recovered \$20,000,000, and they have no way of raising the amount of money which should be properly assessed upon the banks, by reason of the fact that Congress insists on not changing the old rule, which has been in existence for more than 40 years.

Very briefly I want to call that to the attention of the Senate and to say that if the Subcommittee of the Banking and Currency Committee, or the full committee, do not report a bill covering the subject by Wednesday next I shall move to discharge the committee, and will bring it before the Senate, and I wish very briefly to state the very great importance of that legislation to the country.

When the national bank act was passed Congress provided that the stock and real property of banks might be taxed by the States under two conditions, one that the real estate should be taxed at no greater rate than was assessed against other real estate, and the other that the stock of the banks should not be taxed at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of the States.

At that time, of course, we had no national banks. The banking business of the country was in the hands of State banks, and very largely in the hands of private individuals. There was no such thing permitted in the State as a private bank; they were all State banks or trust companies, and in some States they had banking firms. I am not going to weary the Senate with a discussion of the legal problem. I just wish to bring up the importance of this question.

For many years it was considered as the rule that only banking capital which came in competition with national banks was to be considered as the basis for this rule; in other words,



because the money and intangible credits in the hands of the individual citizen came in competition with banks the banks should not be taxed at a greater rate than the moneyed capital in the hands of private citizens. There ceased to be any such thing.

Eighteen or twenty of the States, finding it impossible to tax the individual citizen upon his goods and bills receivable, intangible assets, and money in bank at the same rate at which bank-stock was taxed, passed laws, some providing for income taxes, some of them so many mills on the dollar. To give an illustration, in my own State when we had a direct system of taxation of intangible assets of private individuals we used to collect about three hundred or three hundred and fifty thousand dollars a year. We changed to a 3 mill a dollar tax on individual intangible assets, and we are now collecting a million three hundred thousand. I am informed that in the State of New York, while formerly they would get a little over a million dollars, to-day they collect in the neighborhood of thirty-five or forty million dollars.

About a year ago the Supreme Court of the United States, in a case coming up from Virginia, held that the rule was that intangible credits in the hands of the individual citizen—that is, deposits in banks, notes, bills receivable, and accounts held by individuals—were within the rule, and that the national banks could not be taxed any more, although any man who knows anything about business knows that those things do not come in competition with national banks at all. It was stipulated in the case that they did.

Without going into the discussion of it, I introduced a bill which changed the rule, and provided that the tax imposed shall not be at a greater rate than is assessed upon other moneyed capital employed in the business of banking. That includes individuals, private banks, State banks, trust companies—all capital engaged in banking which comes in competition with the banks.

This is a serious situation. The trouble is due to Congress maintaining a rule which has outgrown its usefulness. I certainly do not think banks should be taxed more than other property and other business is taxed, but it is absurd to say that a bank which receives deposits and does a regular banking business shall pay no more on its stock than the individual citizen on his notes, bills receivable, credits, and so forth.

Mr. POMERENE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Ohio?

Mr. KELLOGG. I yield.

Mr. POMERENE. I think I understand the question as presented by the Senator, and the cause of complaint, in brief, is this, that a larger amount of taxes has been collected from national banks than ought to have been collected, particularly in view of the recent decision of the Supreme Court, and it is further contended that if the right amount of taxes were collected it would bankrupt State treasuries. The plan is to devise some scheme whereby some of our States may not be required to refund to these banks.

Mr. KELLOGG. That is part of the plan.

Mr. POMERENE. Will the Senator give me his view as to this proposition: Could the State, by the passage of a statute, prevent the banks from paying this tax which they ought to have paid, but have not, and make it retroactive?

Mr. KELLOGG. In other words, does the Senator mean, can a State pass a curative act and make it retroactive?

Mr. POMERENE. Yes; and make it retroactive.

Mr. KELLOGG. There is no question about it whatever. The States have absolute power, if Congress consents to it. As I said, notable examples of the injustice of this exist in the State of New York and the State of Massachusetts.

Mr. POMERENE. Mr. President, may I put another question to the Senator?

Mr. KELLOGG. Yes; I will answer the Senator's question.

Mr. POMERENE. In the State of Ohio all property, real and personal, tangible and intangible, is taxable according to a uniform rule and according to its real value in money. Presumably, therefore, these taxes have all been levied in accordance with the constitutional rule. Assume, for the sake of the argument, that they have taxed the national banks more heavily than they ought to have taxed them, but in fact they have not taxed them over and above the real value in money. What relief could those banks get?

Mr. KELLOGG. They do not get any relief at all. The Supreme Court has held that the States may tax real estate at one rate and bank stock at another; corporations at one rate and bank stock at another; but they must not tax banks more than the individual citizen pays on his intangible credits. There is no consistency in such a rule as that. They can

exempt corporations generally and tax banks, and yet they must tax banks no more than the ordinary citizen. I will mention the question of ratification in a minute.

I now send to the desk and ask to have read a short statement by the comptroller and the mayor of New York, showing the deplorable condition they are in; and, as I understand from the Senator from Massachusetts and the tax authorities in his State, Massachusetts is in much the same position.

Mr. LODGE. If the Senator will allow me, the State of Massachusetts is in the same position as New York and many other States are in, and unless some remedy is given by Congress, the decision to which the Senator has referred will put an intolerable burden on the cities and towns, and will go far toward bankrupting some of our towns.

The PRESIDENT pro tempore. The Secretary will read the statement sent to the desk by the Senator from Minnesota.

The Assistant Secretary read as follows:

BOARD OF ESTIMATE WILL APPEAL FROM BANK-TAX DECISION—CRAIG SAYS RULING WILL COST CITY ULTIMATELY \$20,000,000—COMPTROLLER FORESEES IMMEDIATE INCREASE OF FIVE POINTS IN THE TAX RATE.

The board of estimate decided to-day to appeal the recent decision of the court of appeals nullifying the 1 per cent national-bank tax. If the decision stands, Charles L. Craig, city comptroller, said it would cost the city ultimately \$20,000,000.

In addition to this, Mr. Craig said in a statement read to the board, the decision means a rearrangement of the city budget, since the city has already expended over \$10,000,000 of funds collected through the tax. He declared that it would necessitate an increase of 5 points in the tax rate next year to make up the deficit, and ultimately an increase as high as 20 points.

The bank tax, Mr. Craig went on to say, has always been counted on as a source of revenue in making up the budget. Last year the amount accruing from this source was \$5,000,000, and this year a total of \$7,000,000 was anticipated.

According to the court of appeals decision, the banks are not only exempted from future payments but the city is obliged to pay back money collected on the bank tax in 1910 and 1921.

DENOUNCED BY HYLAN

Craig's announcement drew a general chorus of protest from members of the board. Mayor Hylan said that if the courts and mandatory legislation continued to shift the financial burdens of the State from the corporations to the small taxpayers the government of the city might just as well cease to function.

"For my part I would rather go to jail than take bread and butter from the mouth of a poor workman," the mayor said. "As I see it, if the legislature keeps on passing mandatory legislation and the court of appeals continues to make decisions which practically take the burden away from banking and corporate interests and place it on the shoulders of the people we might as well close down."

"I don't see what can be done. Here are large sums of money which must be taken from the pockets of the taxpayers of the city, and the banking interests are relieved of the burden. I am glad that the matter has come up in open meeting, so people here will know that besides this they are compelled to raise thirty or forty million dollars to meet the demands of mandatory legislation for the new budget. I pity the poor taxpayers."

The comptroller called attention to the state of the city finances as affected by the decision. The nonavailability of the bank tax for 1922, he said, would create a deficit in the city's general fund for this year alone amounting to about \$2,000,000, which will wipe out the balances and leave the deficit to be carried into the new year.

"There appears to be no provision of law," the statement concluded, "under which the city is authorized to make good such a deficit except to reduce the expenditures to be financed from the general fund. In other words, some way must be found, such as the shutting down on the purchase of supplies, the making of necessary repairs, the closing down of public offices, and reducing them to part-time service."

"I will not disburse moneys that have not actually been made available for disbursement by taxes lawfully levied."

Mr. KELLOGG. Mr. President, I had the article read so as to bring the attention of the Senate to the situation. The same situation exists in Massachusetts and I do not know in how many other States. I wish to suggest to the mayor of New York that he need not blame the Supreme Court of New York or the legislature of New York, although if he does I would remind him that the legislature which enacted the law which was in question was a Democratic legislature and the law was approved by Governor Smith, I am informed. But that is neither here nor there.

The trouble is with Congress. The Supreme Court of the State of New York is simply following the decision of the Supreme Court of the United States. If Congress is going to keep in existence without modification an act which prevents the States from adopting a substituted system of income tax and different systems of taxation as to individual credits and compels the States to tax the banks exactly the same as they tax individual citizens, then of course we must expect such legislation and such decisions and such results.

I do not ask that the States shall be free to tax the banks exorbitantly. It is to the interest of the national banking system and of the whole country that the States should not have the power to excessively tax national banks and discriminate in favor of State institutions and trust companies and other moneyed capital which does come in competition with national banks, but to select out simply the intangible credits of an individual and say that the banks shall not be



taxed at a greater rate than that because the individual comes in competition in the banking business with the banks is, in my judgment, an absurdity in legislation. I dare say there is not a city in the United States where the individual credits really come in competition with the great banking business of the country.

The Senator from Ohio [Mr. POMERENE] asked whether the States have the power retroactively to cure the taxes which have been held illegal. There is not the slightest doubt about it. The States have no power to tax the banks except by the consent of Congress. Congress lays down the rule under which they are to be taxed, and if the States violate the rule of course the tax is illegal. Now the States alone can not ratify the illegal tax, but Congress can give its consent to the States and then the State legislatures may ratify it, because it is a familiar rule of law that whatever the State could originally have done in taxation or whatever Congress could originally have done it can cure by a curative act.

The position is simple. The committee may come to some conclusion to remedy the situation, and if it is not remedied during this Congress the city of New York will have placed a burden on other taxpayers, as will the State of Massachusetts, and I do not know how many other States, and it is going to destroy the taxing systems of 18 or 20 States.

Mr. President, I am willing to wait a reasonable time, but if the measure is not reported by next week or some report made on the bill, either adversely or in some other way, I shall move to discharge the committee.

Mr. SHORTRIDGE. Mr. President, it is not my purpose to enter upon a discussion of the subject adverted to by the Senator from Minnesota. It is in justice, however, to the committees that I desire to speak a word or two.

There are several bills pending before the Committee on Banking and Currency bearing upon this question, one introduced by the Senator from Minnesota [Mr. KELLOGG] and several by other Senators. There are many more or less grave questions at law involved in the proposed legislation. First, it is not quite so certain that Congress has the power to validate invalidly levied taxes by a given State. That is a debatable question. Briefs have been submitted to the subcommittee upon that question and lawyers of reputation and learning differ as to that point. I am inclined to the view that it is competent for Congress to validate, or, rather, authorize a State to validate, invalidly assessed and levied taxes on national banks by the several States; but I am by no means certain in my own mind of the soundness of that view. The latest decision of the Court of Appeals of New York holds that the system of taxation in that State in so far as it affects a tax on the capital stock of national banks is contrary to the Federal statute, and hence that such tax is invalid.

When the erudite mayor of New York undertakes to criticize the courts and the law and legislation generally, and speaks of the poor taxpayer, it ought to be borne in mind that the laws of New York, as administered, taxed national banks in a certain way and exempted from like taxes such poor taxpayers as J. P. Morgan & Co., Kuhn, Loeb & Co., and other poor concerns engaged in the banking business.

But I did not rise to discuss the many points involved in the proposed legislation. I wish merely to advise the Senator from Minnesota and the Senate that the Committee on Banking and Currency will be ready, I think, within a few days, perhaps during the coming week, to make report in respect of the several bills referred to. I hope and think I shall be able to support the bill which they shall favor.

I appreciate that the decision of the Supreme Court of the United States in the case known as the Richmond case, the late decision of the Court of Appeals of New York, and other decisions, and the existing facts, not only in New York but in Massachusetts and other States, make it incumbent upon us to take some action within our power to relieve the situation and to provide for wise and valid State action in the future.

Let me add a thought or two which may be worthy of consideration by Senators before the proposed measures come up for fuller discussion. Of course, no State can assess a Federal or national bank without the consent of the Federal Government. Now, it may become necessary, it may be wise, to amend the Federal statute as to the power of States to assess national banks. But whatever law the Congress enacts on that subject must, of course, be observed in spirit and purpose by the several States when they come to legislate on the subject. Another question to be considered is the question of validating hitherto invalidly assessed and levied taxes by a given State. Now, unless an appeal is prosecuted from the decision of the highest court of New York to the Supreme Court of the United States, the law will stand in that State at least as being that certain taxes paid by the national banks amount-

ing to some \$20,000,000 must be returned to them. I scarcely need to remark that the mayor of New York City has no power over the matter.

I question very much whether the legislature of that State has immediate power to relieve the situation; that is to say, prevent recovery by the national banks. But in any event there are two big questions to consider: First, how and in what way shall the Federal statute be amended in respect to future taxation of national banks by the several States; and second, is it competent for Congress to validate or authorize the State government to validate taxes which according to decisions were invalidly levied. I merely mention these controverted questions. But upon all this subject and many of the points involved I may find it necessary to enlarge when the bill comes before the Senate.

Mr. WATSON. Mr. President—

The PRESIDING OFFICER (Mr. ODDIE in the chair). Does the Senator from California yield to the Senator from Indiana?

Mr. SHORTRIDGE. I yield.

Mr. WATSON. Has the matter been referred to a subcommittee of the Committee on Banking and Currency?

Mr. SHORTRIDGE. Yes; a subcommittee consisting of the Senator from Virginia [Mr. GLASS], the Senator from Pennsylvania [Mr. PEPPER], and myself.

Mr. WATSON. Has the Senator from Minnesota appeared before the subcommittee?

Mr. SHORTRIDGE. Yes.

Mr. KELLOGG. Several times.

Mr. SHORTRIDGE. And he has filed a brief. We have received many briefs upon both sides of the question. We have listened for several hours to oral argument, and the matter may be said to be sub judice now.

Mr. LODGE. The House bill has been over here nearly a year, has it not?

Mr. KELLOGG. Yes.

Mr. WATSON. The practical thing to do is to have a meeting of the subcommittee and thrash it out.

Mr. SHORTRIDGE. We have had many meetings of the subcommittee. Of course it has headway; but I am not here apologizing for anything, because I know of nothing that calls for apology.

Mr. KELLOGG. Mr. President, one suggestion of the Senator from California is that the law of New York discriminates in favor of J. P. Morgan & Co. The Senator knows that the bill which I drew provides that the tax imposed on national banks shall not be at a greater rate than is assessed upon all moneyed capital employed in the business of banking, it does not make any difference whether it is Morgan & Co., Kuhn, Loeb & Co., or who it is. They, of course, should be taxed at the same rate. Anybody engaged in the business—I do not care whether it is a private individual, a trust company, or whoever it may be that is engaged in the banking business in competition with banks—using his capital or the capital of the corporation, should be taxed at the same rate as the banks. So there is no question of J. P. Morgan & Co. in the matter.

Mr. SHORTRIDGE. There is a very big question about the exemption of J. P. Morgan and Kuhn, Loeb & Co., engaged in the banking business, from the payment of like taxes paid by the national banks.

Mr. KELLOGG. Does the Senator deny that my bill would prevent any discrimination in their favor?

Mr. SHORTRIDGE. No.

Mr. KELLOGG. Then what does the Senator mean when he insinuates—

Mr. SHORTRIDGE. I do not insinuate. When I say a thing I undertake to speak directly and with accuracy.

Mr. KELLOGG. Very well, then.

Mr. SHORTRIDGE. I make no insinuations; far from it; but since some spirit has been manifested—

Mr. KELLOGG. I have the floor, and I do not yield any further to the Senator until I get through.

Mr. SHORTRIDGE. I thought the Senator from Minnesota had yielded the floor.

Mr. KELLOGG. I have not yet finished.

Mr. SHORTRIDGE. I submit that the Senator from Minnesota yielded the floor—

Mr. KELLOGG. I did not.

Mr. SHORTRIDGE. And I was recognized by the President pro tempore; but if the Senator desires to say more, I shall be glad to listen.

Mr. KELLOGG. I am not criticizing the Senator.

Mr. SHORTRIDGE. And neither was I criticizing the Senator from Minnesota; far from it.

Mr. KELLOGG. I have not criticized the committee, but I have stated that the matter involved in these bills has been pending before the subcommittee since last June. I appeared



before the committee last fall in reference to the bill of the Senator from New York [Mr. WADSWORTH] which is pending. I hope the Senator will give the question as early consideration as possible. I know it is a grave problem, which needs very careful consideration.

So far as the mayor of New York is concerned, I have already stated—and if the Senator had listened to me he would have known it—I do not believe his criticism of the court is just at all.

Mr. SHORTRIDGE. That is what I meant to say.

Mr. KELLOGG. As to the question of ratification, I know the Senator from California is too good a lawyer not to agree with me as to that. I do not claim that the Congress itself can ratify the tax; and the bill does not provide for any such thing. The bill simply proposes to give the consent of Congress to a ratification by the States.

Mr. LODGE. The Senator from Minnesota knows I am in full sympathy with what he is trying to do and with his bill; but would it not be possible now to allow us to go on with the consideration of the naval appropriation bill? Of course, I do not wish to cut off debate.

Mr. KELLOGG. Very well.

Mr. SHORTRIDGE. Does the Senator from Minnesota yield the floor?

Mr. KELLOGG. I yield the floor to the Senator from California.

Mr. SHORTRIDGE. I shall not detain the Senate longer. Mr. President, for the benefit of Senators who may be absent, and for all Members of the Senate, I ask to have incorporated in the Record the recent decision of the Court of Appeals of New York in reference to this matter. I think it will be useful in the future discussion of this question.

The PRESIDING OFFICER. Without objection, it is so ordered.

The decision is as follows:

December 12, 1922. Tax on capital stock of national banks invalid. COURT OF APPEALS.

People ex rel. Hanover National Bank of the City of New York, appellant, v. Henry M. Goldfogle et al., respondent.

Appeal from order of the appellate division, first department, affirming order of special term, dismissing writ to review tax assessment.

Martin Saxe for appellant.

William H. King for respondents.

Charles D. Newton, attorney general (Edward G. Griffin, of counsel), for State of New York, intervening.

POUND, J.: Relator, a banking corporation organized under the national banking act of the United States, seeks to review an assessment of its capital stock for taxation for the year 1921 on the ground that taxation thereof by the State is at a greater rate than is assessed on other moneyed capital in the hands of individuals. A national bank is an agency of the National Government. The State has no constitutional power to lay any tax upon it. Its shares of stock are taxable by the State only when and as Congress permits. (*McCulloch v. Maryland*, 4 Wheat. 316; *People ex rel. Bridgeport Sav. Bank v. Feitner*, 191 N. Y. 88, 92; *Van Allen v. Assessors*, 3 Wall. (U. S.) 573.)

Section 5214 of the Revised Statutes of the United States (U. S. Comp. Stat., sec. 9779) imposes upon national banks the obligation to pay to the Treasurer of the United States certain duties "in lieu of all existing taxes," and section 5219 (U. S. Comp. Stat., sec. 9784; *Barnes Fed. Code*, sec. 9256) provides that nothing contained in the Federal national bank act (13 Stat. 99) shall prevent "all the shares in any association from being included in the valuation of the personal property of the owner or holder of such shares, in assessing taxes imposed by authority of the State within which the association is located; but the legislature of each State may determine and direct the manner and place of taxing all the shares of national banking associations located within the State, subject only to the two restrictions, that the taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State, and that the shares of any national banking association owned by nonresidents of any State shall be taxed in the city or town where the bank is located and not elsewhere. Nothing herein shall be construed to exempt the real property of associations from either State, county, or municipal taxes to the same extent, according to its value, as other real property is taxed." This section prescribes the full measure of the power of the State to impose taxes upon national banking associations or their shareholders. Any assessment not in conformity therewith is unauthorized and invalid. (*First Nat. Bank of Gulfport v. Adams*, 42 Sup. Ct. 323.)

The tax law of the State of New York Consolidated Laws, CR. 60 (sec. 24, enacted long before any State income tax was imposed, and repealed by ch. 603 of the Laws of 1922), provided: "In assessing the shares of stock of banks or banking associations organized under the authority of this State or the United States, the assessment and taxation shall not be at a greater rate than is made or assessed upon other moneyed capital in the hands of individual citizens of this State."

The tax law also provides for a tax of 1 per cent on the book value of shares of stock in all banks and banking associations (sec. 24b) and that such tax (sec. 24c) "shall be in lieu of all other taxes whatsoever for State, county, or local purposes upon the said shares of stock, and mortgages, judgments, and other choses in action and personal property held or owned by banks or banking associations the value of which enters into the value of said shares of stock shall also be exempt from all other State, county, or local taxation."

This tax of 1 per cent is a direct tax on the shares of stock without regard to the amount of income earned thereon, whether such income has been retained as surplus or distributed as dividends.

The personal income tax law (Laws 1919, ch. 627; tax law, sec. 352), adopted as part of a new program of tax reform, imposes upon every resident of the State of New York an annual tax upon his net income of from 1 to 3 per cent. Such taxes "are in addition to all other taxes imposed by law, except that money on hand or on deposit with or without interest, bonds, notes, and choses in action and shares of stock in corporations other than banks and banking associations, owned by any individual or constituting a part of a trust or estate subject to the income tax imposed by this article, shall not after July 31, 1919, be included in the valuation of the personal property included in the assessment rolls of the several tax districts, villages, school districts, and special tax districts of the State."

The statute further provides (Laws 1920, ch. 647; tax law, sec. 4a): "Notwithstanding any provision of this chapter, or of any other general, special, or local law, intangible personal property, except shares of stock of banks, or banking associations, whether referred to as personal property, capital, capital stock, or otherwise, after June 30, 1920, shall be exempt from taxation locally for State or local purposes. This exemption shall be in addition to all other exemptions of personal property from local taxation, whether based upon the character, ownership, or amount of property. The term 'intangible personal property,' as used in this section, means incorporeal property, including money deposits in banks, shares of stock, bonds, notes, credits, evidences of an interest in property, and evidences of debt."

Shares of stock in banks and banking associations, both State and National, are thus subject to a 1 per cent valuation tax. Certain other corporations are subject to franchise taxes, but moneyed capital in the hands of individuals is exempt from taxation locally for State or local purposes. A long line of decisions of the Supreme Court of the United States defines the business of banking and holds that the words "moneyed capital in the hands of individual citizens" includes moneys invested in private banking houses such as *J. P. Morgan & Co.*, *Kuhn, Loeb & Co.*, and others, together with investments of individuals in securities that represent money at interest and other evidences of indebtedness such as normally enter into the business of banking.

The National Government permits State taxation only on terms of substantial equality in law and in fact, and entire fairness and friendliness. The tax on national-bank shares must not discriminate in favor of moneyed capital entering into competition with the national banks. (*Evansville Bank v. Britton*, 105 U. S. 322; *Mercantile Bank v. New York*, 121 U. S. 138; *Aberdeen Bank v. Chehalis Co.*, 166 U. S. 440; *Owensboro National Bank v. Owensboro*, 173 U. S. 664, 676; *Amoskeag Savings Bank v. Purdy*, 231 U. S. 373; *Merchants' National Bank of Richmond v. City of Richmond*, 256 U. S. 635.) The court below has found that the competing capital in the hands of individuals, subject only to the personal-property income tax, is very large. "If the principle of substantial equality of taxation under State authority, as between capital so invested and other moneyed capital in the hands of individual citizens, however invested, operates to disturb the peculiar policy of some of the States in respect of revenue derived from taxation, the remedy therefor is with another department of the Government, and does not belong to this court." (*Boyer v. Boyer*, 113 U. S. 689, 703.)

The first question is whether the State of New York discriminates against national-bank shares by imposing a tax both on the shares and the dividends, while it imposes a tax on the income only of other competing capital in the hands of private bankers and other individuals. It was held below that if the direct tax and the income tax were both imposed the discrimination would be clear. The respondent contends, by a process of statutory construction which would exclude by implication the particular from the general, that no income tax is imposed on the dividends of bank stock. The test to be applied is not whether such dividends may lawfully be included in the income of individuals taxed by the State but whether they are in fact so included. It is urged that the State had no power to tax such income, for the reason that section 5219 of the Revised Statutes of the United States above quoted permits a tax on valuation only, and, therefore, that it did not tax it. (*People ex rel. Alpha P. C. Co. v. Knapp*, 230 N. Y. 48, addenda page 65, herein.) The language of the statute suggests no such punctilious regard for those whose income is derived from dividends on national-bank shares. On the contrary, it plainly includes such dividends in gross income. Gross income includes (tax law, sec. 359) income from dividends. Dividends from stock in bank corporations owned by resident taxpayers are not included in the list of exemptions.

A clear discrimination is made against resident holders of bank shares which are taxed according to their book value, who are also taxed on their income. The shares of bank stock are taxed by one method and the dividends thereon are taxed by another method. Competing moneyed capital in the hands of individuals is exempt from taxation based on valuation and is assessed by one method, according to income only. The provisions of the law are explicit. The discrimination is unfortunately too clear to escape recognition. We can not assume that any exemption of dividends on national-bank shares from the provisions of the income tax was in the legislative mind. On the contrary, the report of the special joint committee on taxation and retrenchment submitted to the legislature March 1, 1922, the opinion of the Attorney General (March 31, 1920), and the practice of the Income Tax Bureau indicate that by legislative and administrative construction a personal tax upon dividends on the shares was contemplated and collected.

The amount of such moneyed capital in the State of New York thus exempted from taxation, except on income, is not inconsiderable. It is relatively of much consequence. In the city of New York in the year 1921 such competing capital was nearly twice the total capital of the State and National banks. The tax on the capital stock of national banks becomes invalid when it appears that it has become discriminatory. No way of escape from such a conclusion is open except by disregarding the rule which requires us to give a plain meaning to plain words plainly used. (*United States v. Goldenberg*, 168 U. S. 95, 102; *Rodgers v. United States*, 185 U. S. 83, 86.) The validity of the tax on dividends from national-bank stock may be considered when it is assailed by a taxpayer in a proceeding in which it becomes necessary to decide that question.

But assuming for the purpose of the discussion only that dividends on national-bank stock are exempt by implication from the income tax or that the tax thereon is invalid and may be disregarded, the tax on bank shares is discriminatory for another reason. The State may, so long as it observes the rule of fairness and good faith, tax national-bank shares by one method, while it taxes competing capital by another method, without exact uniformity or equality. (*Mercantile Bank v. New York*, supra; *People ex rel. Bridgeport Savings*



Bank v. Feitner, supra.) In doubtful cases the burden may rest on the bank to establish inequality. (Bank of Commerce v. Seattle, 166 U. S. 463; First National Bank of Wellington v. Chapman, 173 U. S. 205.) Yet the rule laid down for our guidance by the Supreme Court of the United States in substance requires that the shares of the bank shall be taxed only to the same extent that other moneyed capital invested in the State is taxed. (People v. Weaver, 100 U. S. 539; Boyer v. Boyer, supra.) If the inequality is palpable the State courts are without discretion. It becomes their duty to declare the right asserted under the Constitution of the United States and the statute enacted by Congress in uniformity therewith and to hold the tax invalid. (Merchants' National Bank v. City of Richmond, supra.)

When it appears on the face of the statute that bank shares are taxed on valuation at a flat rate and that the owner of competing moneyed capital relatively material in amount is taxed on income only, the court is powerless to say that equality of taxation has been secured and injustice prevented. We are forced to compare two methods which are wholly unlike. How can equality be established or presumed as the necessary result of the taxing statutes? In a very considerable number of cases the valuation tax must inevitably be the heavier burden. It is fixed and certain. The income tax is variable and dependent on income and amount of income. It is conceivable that when returns on such capital are low the bank stock would be taxed and the competing capital would be exempt. In no event would equality exist unless the income on competing capital were large beyond the dreams of avarice and the usual returns on investments.

The relator is entitled to the relief asked for. The orders should be reversed and the assessment vacated, with costs in all courts. (L. S. 359(1).)

Hiscock, Ch. J., Cardozo, McLaughlin, Crane, and Andrews, JJ., concur. Hogan, J., not voting.

Ordered accordingly.

Mr. KELLOGG. I ask to have incorporated in the RECORD a memorandum in the form of a brief which I submitted to the committee, which gives my views on the question, which I think might be of use to Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

JUNE 9, 1922.

Hon. SAMUEL M. SHORTRIDGE, Chairman;

Hon. GEORGE WHARTON PEPPER,

Hon. CARTER GLASS,

Subcommittee of the Senate Committee on Banking and Currency.

GENTLEMEN: Having under consideration S. 2903, to amend the banking act, permitting States to tax the stock of national banks, I desire to make a brief statement in relation to this bill. Under section 5219 of the Revised Statutes of the United States the States are permitted to tax the shares of stock of national banks provided that the taxation "shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State."

I am not going to review the long line of decisions in the State and Federal courts construing this provision, but simply to refer to the last case—the Merchants National Bank of Richmond v. City of Richmond, decided by the Supreme Court of the United States on June 6, 1921, and one or two other decisions. In the City of Richmond case it was held that a lower rate of tax imposed on moneys and credits than that upon the bank shares rendered the taxation of bank stocks invalid. It must be noted, however, that the court said "it also was shown by evidence, without dispute, that moneyed capital in the hands of individuals, invested in bonds, notes, and other evidences of indebtedness, comes into competition with the national banks in the loan market," and the court based its decision on that evidence.

Whatever may be said about the long line of decisions appearing on this question, at least for 25 years the general understanding has been that only capital invested in State banks and trust companies which directly comes into competition with national banks was included in the inhibition of section 5219, providing that the shares of national banks should not be taxed at a greater rate than other moneyed capital in the hands of the individual citizens. The court in the case of Aberdeen Bank v. Chehalis County, 166 U. S. 440, on page 458, said:

"The business of banking, as defined by law and customs, consists in the issue of notes payable on demand, intended to circulate as money where the banks are banks of issue; in receiving deposits payable on demand; in discounting commercial paper; making loans of money on collateral security; buying and selling bills of exchange; negotiating loans, and dealing in negotiable securities issued by the Government, State and National, and municipal and other corporations. These are the operations in which the capital invested in national banks is employed, and it is the nature of that employment which constitutes it in the eye of this statute 'moneyed capital.' Corporations and individuals carrying on these operations do come into competition with the business of national banks, and capital in the hands of individuals thus employed is what is intended to be described by the act of Congress."

This was followed in the case of the National Bank of Wellington v. Chapman, 173 U. S. 205.

During all of these years there grew up in the various States methods of taxation by which a different rate of tax was placed upon intangible credits and moneys, different rates of income taxes imposed, until it has become a system in many of the leading States of the country. Some 19 States have adopted such systems. This appears more in detail in the statement made by the tax commissions of the various States in the hearings, page 246 and subsequent pages. The States found that it was impossible to impose upon intangible credits a direct ad valorem tax at the general property rate and to obtain any considerable return in taxes. Take the State of Minnesota, to illustrate. When we had the ad valorem tax at the general property rate, we collected about \$300,000 to \$350,000 per year.

The law was changed to impose 3 mills upon the dollar, and we now collect more than \$1,300,000. Take the State of New York: When it had the old system of taxation it collected about \$1,000,000 a year. To-day, under the income provisions in the State of New York, it is collecting \$37,000,000, a large amount of which comes from intangible property. Many of the States have mortgage taxes, whereby when a mortgage is filed on real estate the tax is paid in advance in a lump sum. These systems of tax-

ation have never injured national banks in the slightest degree. On the contrary, they, together with all other taxpayers, have benefited thereby and to-day are more prosperous than ever before and the banking capital has enormously and progressively increased.

In fact, the bankers themselves have been very influential in promoting the very laws some of their attorneys are attacking before this committee, and I wish here to state that the attorney or the president of the American Bankers' Association has no right whatever to come before a committee of Congress and claim that he represents all the banks of the country. I know that in my State the banks are in favor of this change in the law, and I believe they are generally throughout the country. Much of the opposition to this bill comes from attorneys who have suits to collect for the banks from local communities, money paid in taxes claimed to be invalid under the present act of Congress and under the Richmond decision. Furthermore, it is idle to say that intangible credits, in the hands of individual citizens, come in competition with the moneyed capital of banks to any perceptible degree. I venture to say that not even in the financial centers in the United States does money loaned by individuals come in competition with the business of the banks to any appreciable extent. It is purely negligible. The money loaned by banks to commercial and business institutions on direct paper is of such enormous volume that the amount loaned by all the individuals in the country is insignificant by comparison. We know that, as a practical matter, mortgages, bonds, and investments of this kind do not come in competition with the short term credits of banks. It is only banking institutions which do the great credit business of the country that really come in competition with national banks; and to require every State and municipality to go into court and prove that intangible credits generally in the hands of citizens do not come in competition, or to go into litigation of that question, is an absurdity and a hardship in the face of the general understanding about business of this kind in the country.

Is it possible that Congress, in order to protect national banks, is going to disrupt all the different systems of taxing moneys and credits at different rates than those imposed upon the shares of national banks? Certainly banks have been prosperous and have not been overtaxed. The taxes hitherto imposed on banks by States and municipalities are naturally reflected in the present value of their shares, and to reduce their taxation to the basis of the money or credits or income taxes in the various States would constitute a gift to the stockholder and seriously hamper the States and municipalities.

What should be done is that Congress should pass a law, similar to the bill which was introduced by Senator Wadsworth, or the one which I shall submit, which is designed to carry out the same purpose, providing that the taxes imposed shall not be at a greater rate than is assessed upon other moneyed capital employed in the business of banking, and thereby carry out the general understanding and practice which has existed for years.

The inconsistency of the claim of the Virginia bankers that they were harmfully discriminated against by a lower rate on privately held intangible investments (the rate in 1915 being 95 cents on such property as against the bank rate of \$1.45) is shown by the fact that the Virginia Legislature, in 1922, actually reduced the rate on such privately held intangible investments to 55 cents; and, I am informed, so anxious were the bankers to secure for the State the benefit of such a low rate that they voluntarily submitted to a rate of \$1.10 on their own shares.

I ask the committee how this comports with their previous contention that such privately held investments are in competition with the resources of the banks. Incidentally, the present Virginia situation illustrates one of the evil consequences which the Wadsworth bill would cure, namely, that in order to overcome the absurd fiction that a lower rate on intangible investments is hurtful to the banks, an arrangement has to be entered into whereby the banks voluntarily submit, by way of a gentleman's agreement, to a higher rate of tax. We therefore have a new practice in taxation growing out of the Richmond decision, namely, the taxation of banks by gentlemen's agreement. It goes without saying that such an arrangement can be upset at any time by the action of a single bank or of a single stockholder.

We find that Virginia has thus been forced to adopt the Chinese method of taxation by voluntary contribution as a direct result of an economic fallacy.

I next refer to subdivision (3) of my bill, known as the validating clause. There is a similar clause in the Wadsworth bill. The Richmond decision has apparently presented to the national banks in the aforesaid 19 States an unlooked-for opportunity to recover back taxes paid by the banks upon the shares thereof during several years last past, and thus to evade altogether taxation for the years in question, even though such taxes were paid by them at the time without objection or protest. In New York I am informed that something like 90 suits of that character have been instituted and that a test case is now on its way through the courts, and that both sides have announced they will carry the same to the Supreme Court of the United States—that if this test case is successful, practically every one of the 500 national banks in that State may be required to contest taxes for as many years as under the circumstances they are able to do.

In Massachusetts, I am informed that some 40 banks have instituted similar suits; that in Connecticut, while no suits have been started, it is probable that a successful termination of such suits in the other States will give rise to a very large number of similar suits in that State. The same is undoubtedly true as to the remaining States of the 19 which have departed from the general property tax, and in this statement I include my own State of Minnesota. In short, if this matter is allowed to take its course, we will be confronted with a flood of litigation in nearly half of the States of the Union, whereby every local community containing a national bank will find itself subject to a judgment for moneys collected in good faith on the understanding that the levy was legal and regular, where the money has been spent, and where the remaining taxpayers will be required to make good the sums required with interest. Such a situation is, to my mind, intolerable.

With regard to the legality of validating such taxes and thereby quieting the suits referred to, I will not say more than to refer to the case of Grim v. Weissenberg (57 Pa. 433), which was cited with approval in United States v. Heinszen (206 U. S. 370), where the court said:

"If an act of assembly be within the legitimate scope of legislative power, it is not a valid objection that it divests vested rights. If the



use is public, if it is taxation, the rule against divesting vested rights for private benefit does not apply."

In general, it may be said to be a settled policy of the courts of this country that the legislature may validate any tax theretofore levied which would have been within its jurisdiction to impose in the first instance. In other words, that the legislatures may do retroactively what they might have done prospectively.

On page 241 of the record made before the House committee will be found a letter to the Hon. Samuel Lord, chairman of the Minnesota Tax Commission, signed by three officers of the First National Bank of Minneapolis, the largest bank in the State, viz: F. M. Prince, chairman of the executive committee; F. A. Chamberlain, chairman of the board of directors; and C. T. Jaffray, president. The letter follows:

"We have examined the McFadden bill (H. R. 9579), identical with the Wadsworth bill (S. 2903), now pending in Congress, and wish to advise you that we are in favor of the passage of the same, or one covering substantially the same ground.

"We wish to assure you that we are not disposed to put any obstacle in the way of the collection of the 1921 State personal-property tax on national banks. This tax is assessed and levied against national banks upon the same basis as is the tax upon State banks, and with this general system we are quite satisfied.

"We are advised by our attorneys that upon passage of the McFadden bill, or one substantially like it, the assessment and levy of personal-property taxes in this State upon national banks will be validated and that the same may then be safely paid by the national banks."

This letter, I believe, correctly expresses the attitude of the national banks in my State.

Very respectfully,

FRANK B. KELLOGG.

Mr. KING. Mr. President, I have been absent from the Chamber for a few moments. May I inquire of the Senator from California if any explanation was made by the subcommittee or by the full committee of the reason for the delay in reporting the bill, and if the report thereon may be expected within a short time?

Mr. SHORTRIDGE. The report may be expected soon, I will say to the Senator from Utah. There were many delays which were due to known causes.

Mr. KING. I am making no complaint at all.

Mr. SHORTRIDGE. The subject is not to be disposed of by the ipse dixit of anyone. It involves many debatable questions, questions, for example, as to the power of Congress either directly to validate taxes which have been held to be invalid, or, as is designed by the bill of the Senator from Minnesota, whether Congress has power to authorize a given State through its legislature to validate taxes which have been invalidly levied. There are many questions involved in the consideration of the subject which are not to be disposed of by a wave of the hand; but, of course, that is no excuse for indefinite delay.

The Senator from Pennsylvania [Mr. PEPPER], the Senator from Virginia [Mr. GLASS], the former Secretary of the Treasury, and I also, to the extent of my humble ability, as a subcommittee have severally read many briefs upon the subject by gentlemen favoring or opposing these bills—and there are three or four such bills. We have listened to lawyers from Boston, New York, Minneapolis, Philadelphia, and possibly from other places upon the various phases of the proposed legislation. Very lately, within a week, indeed, the Court of Appeals of New York has held that their State system of taxing national banks is contrary to the Federal statute, which means in its ultimate that if the decision holds there must be refunded to certain national banks of New York some \$20,000,000. It is upon that decision that the mayor of New York comments in the editorial contained in the newspaper clipping which was read by the Secretary.

Mr. KING. I hope the Senator will not deduce from the inquiry which I propounded any criticism of the committee by reason of delay.

Mr. SHORTRIDGE. Not at all.

Mr. KING. I appreciate, as the Senator has stated, that the question is one of complexity, and many lawyers of ability have differed and will continue to differ regarding the decision of the court and as to the constitutionality of the proposed legislation.

#### NAVAL APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 13374) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1924, and for other purposes.

The Assistant Secretary proceeded to read the bill, and read to line 6, on page 2.

Mr. KING. Mr. President, when the Senator from Washington had the floor a moment ago, responding to the question propounded by the Senator from Alabama [Mr. HEFLIN], he stated the figures carried by this appropriation bill. I rose then for the purpose of asking the Senator if he had not omitted several million dollars which, directly and indirectly, are carried by the bill, which, to that extent, would augment the figures which he gave of \$294,000,000 or \$296,000,000. As I recall, there is an authorization in the bill for the sale of property and the

utilization of all the funds derived therefrom. That may aggregate several million dollars. Then there is carried over from appropriations heretofore made which have not been exhausted a considerable sum. So that in the aggregate my understanding is that this bill appropriates and reappropriates, if I may be permitted that expression, more than \$320,000,000. If I am in error as to that, I should be glad to have the Senator correct me.

Mr. POINDEXTER. Mr. President, there is a fund, known as the "general supply account of the Navy," which is not in the general fund of the Treasury but is already held by the Navy for the purchase of supplies. It is a revolving fund. The bill as it came from the House to the Senate, no change having been made in it by the Senate committee, does authorize the use of \$35,000,000 of that fund for carrying on the work of completion of ships now under construction.

Mr. KING. May I inquire of the Senator if the bill does not authorize the application of proceeds derived from the sale of certain properties to some of the purposes defined in the bill?

Mr. POINDEXTER. Yes; to the amount of \$450,000 received from the sale of ordnance property.

Mr. KING. That is the aggregate, is it?

Mr. POINDEXTER. Yes. A fund derived from the sale of ordnance and ordnance materials to the extent of \$450,000 is made available by the bill.

Mr. KING. Mr. President, there was some controversy in the Committee of the House, as I recall—I have not had time to read the hearings, but I saw some reference to it—in regard to a \$19,000,000 charge, being an aggregate of various items, which seemed to lead to considerable dispute as to what was the total carried by the bill. Can the Senator advise me as to that item and what that embraces?

Mr. POINDEXTER. It is impossible to tell what the Senator has in mind, unless he can be a little more specific. I have given him quite specific information as to what the bill carries. If the Senator will point out definitely any feature of the bill concerning which he desires information, I will supply it, if possible.

Mr. KING. I will endeavor to secure more definite information regarding that item before the bill is finally disposed of.

The reading of the bill was resumed.

The first amendment of the Committee on Appropriations was in the item for experimental and research laboratory, on page 7, line 7, after "\$20,000," to insert "in addition to the amount authorized by the preceding proviso," so as to read:

*Provided*, That \$25,000 of this appropriation shall be available for the temporary employment of civilian scientists and technicians required on special problems: *Provided further*, That the sum to be paid out of this appropriation for technical, drafting, clerical, and messenger service shall not exceed \$20,000 in addition to the amount authorized by the preceding proviso.

The amendment was agreed to.

The next amendment was, on page 7, after line 14, to insert:

#### NAVAL WAR RECORDS.

Toward the collection or copying and classification, with a view to publication, of the naval records of the war with the Central Powers of Europe, including the purchase of books, periodicals, photographs, maps, and other publications, documents, and pictorial records of the Navy in said war, clerical services in the District of Columbia or elsewhere, and other necessary incidental expenses, \$19,000: *Provided*, That no person shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum.

The amendment was agreed to.

The next amendment was, on page 8, line 4, to increase the appropriation for officers and employees in the office of the Judge Advocate General from \$76,420 to \$78,720.

The amendment was agreed to.

Mr. KING. I inquire of the Senator having the bill in charge what reductions, if any, have been made in the clerical force and in the civilian employees of the Navy Department here in Washington and in the various agencies and naval instrumentalities for which provision is made by this bill? What I have in mind particularly is that we have been promised material reductions in the civilian personnel of the various departments of the Government. The Senator will recall that during the war the number of Government employees in the District of Columbia necessarily was greatly increased until the total was considerably more than 100,000, whereas prior to the war the civilian personnel of the departments in Washington was approximately 37,000. I was wondering what diminution there had been, first, in the Navy Department in the District of Columbia, and, second, in the various agencies outside of Washington.

Mr. POINDEXTER. There have been very considerable reductions in the civilian force. The Senator is probably familiar with the public controversy on that subject and the attempt to meet the demand for employment of men employed on the work



of the Navy by curtailing the number of working days in a week and having a 5-day week instead of a 6-day week, so that by that system, without the expenditure of more money, an increased number of employees might be given part-time work.

There has been a very substantial reduction going on, and a readjustment of the working forces of all of the navy yards. A great deal of pressure has been brought to bear toward that end by officers of the Navy and by strict orders of the President to the heads of the various departments, and the result has been a cutting down of the forces to the bone and very much lower than was desirable, according to representations made by the department as to the required force.

#### THE MERCHANT MARINE.

Mr. McKELLAR. Mr. President, may I inquire of the Senator from Washington whether it is expected to finish this bill to-day? As I understand, it will go over until to-morrow in order to consider the amendment offered by the Senator from Idaho [Mr. BORAH]. Is that correct?

Mr. POINDEXTER. There is no agreement to that effect. I think the understanding was that we would go ahead with the bill in the ordinary way, and give everybody an opportunity to discuss it at such length as he desired. How much time will be required in the consideration of the amendment of the Senator from Idaho it is impossible to tell, but when it is reached it will be taken up and considered, and such adjournments as may be necessary will be taken.

Mr. McKELLAR. The reason of the inquiry is that I desire to introduce an amendment to another bill and have a few words to say about it, and I thought I would do that now unless there was great haste in passing this bill.

Mr. POINDEXTER. If the Senator will allow us to make a little bit of progress with this bill I shall be very much obliged to him.

Mr. McKELLAR. I shall not take much time.

Mr. President, I ask that the Secretary read the amendment which I send to the desk, and which I desire to offer to the shipping bill.

The PRESIDING OFFICER. Without objection, the amendment will be read.

The READING CLERK. On page 62 of H. R. 12817, after line 17, it is proposed to insert the following new section:

SEC. 712. Whereas the convention between the United States and Great Britain concluded on the 22d day of December, 1815, and extended by amendatory commercial convention, ratified April 2, 1828, between said countries, provides in Article II of the amended convention, "Either of the contracting parties, in case either should think fit, at any time after the expiration of the said 10 years—that is, after the 20th of October, 1828—on giving due notice of 12 months to the other contracting party, to annul and abrogate this convention, and it shall, in such case, be accordingly annulled and abrogated after the expiration of the said term of notice"; and

Whereas in section 34 of the merchant marine act passed by the Congress and approved June 5, 1920, the President was "authorized and directed within 90 days after this act becomes law to give notice to the several governments, respectively, parties to such treaties or conventions, that so much thereof as imposes any such restrictions on the United States will terminate on the expiration of such periods for the giving of such notice by the provisions of such treaties or conventions"; and

Whereas the President of the United States refused and failed to give notice as required by said act of Congress; and

Whereas in the opinion of the Congress the convention aforesaid discriminates against the trade and commerce of the United States; and

Whereas in any event said convention is no longer responsive in various respects to the commercial needs of the countries: Therefore be it

*Resolved, etc.*, That the Secretary of the Senate and the Clerk of the House of Representatives shall within 90 days after the passage of this act give notice to Great Britain, as required in said conventions as amended, by leaving a copy of this act with the British ambassador to the United States, or, by mailing to the Secretary of State for Foreign Affairs of Great Britain, London, England, a like copy of this act.

*Resolved further*, That 12 months after said notice is received by the British ambassador or by the Secretary of State for Foreign Affairs of Great Britain the said convention between the United States and Great Britain of date December 22, 1815, as amended by the said convention of date April 2, 1828, is hereby entirely abrogated and annulled, as provided in Article II of said amended convention ratified April 2, 1828.

*Resolved further*, That the President is hereby requested upon the abrogation of the said treaty as amended to negotiate with Great Britain in lieu of the convention hereby abrogated a convention more in consonance with modern conditions of trade and commerce between the two countries.

Mr. McKELLAR. Mr. President, several days ago, in the debate on the shipping bill, section 34 of the merchant marine act was referred to, and mention was made of the action of President Wilson first and the action of President Harding later in declining to give notice as required in section 34 of the said act of Congress. I stated at the time that I should offer later an amendment looking to the abrogation of those commercial conventions referred to in section 34. I thereupon wrote a letter to the Secretary of State asking for a list of the nations that were affected, the nations with which we had

treaties which were or might be affected by the provisions of section 34 of the merchant marine act. I ask unanimous consent to put into the RECORD my letter to the Secretary of State.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter referred to is as follows:

DECEMBER 13, 1922.

HON. CHARLES E. HUGHES,  
Secretary of State, Washington, D. C.

MY DEAR MR. SECRETARY: Section 34 of the merchant marine act of 1920 authorized and directed the President, within 90 days after the act became a law, to give notice to the several governments, parties to the treaties, which restrict the right of the United States to impose discriminating customs duties on imports entering the United States in foreign vessels and in vessels of the United States. As I recall, both President Wilson and President Harding declined to carry out the provisions of this act.

Would you be good enough to give me a list of the treaties containing such restrictive provisions? Should your office have copies of the several treaties, I would like to have copies; but if copies can not be obtained, will you give me the number, the dates, the countries with which they were negotiated, and the time of notice required to annul as to each treaty? I will greatly appreciate it.

Very sincerely yours,

KENNETH MCKELLAR.

Mr. McKELLAR. I also ask unanimous consent to insert in the RECORD—and I shall not read it now, but simply refer to it—the reply of the Secretary of State to me, of date December 20, giving the names of the various nations that are affected by that provision of the act of 1920.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter referred to is as follows:

DEPARTMENT OF STATE,  
Washington, December 20, 1922.

HON. KENNETH MCKELLAR,  
United States Senate.

SIR: I have the honor to acknowledge the receipt of your letter of December 13, 1922, asking for a list or copies of the treaties to which the United States is a party, containing provisions of the kind referred to in section 34 of the merchant marine act of 1920, which restricts the right of the United States to impose discriminating customs duties on imports entering the United States in foreign vessels and in vessels of the United States. You also ask for information as to the time of notice required to annul each treaty.

Section 34 of the act of June 5, 1920, provides for a notice of the termination of treaty provisions between the United States and other countries "which restrict the right of the United States to impose discriminating customs duties on imports entering the United States in foreign vessels and in vessels of the United States, and which also restrict the right of the United States to impose discriminatory tonnage dues on foreign vessels and on vessels of the United States entering the United States." It is not clear what treaty stipulations Congress intended should be covered by this provision. I may, however, invite your attention to certain stipulations relating to discriminatory duties and shipping charges.

Nearly all of the so-called commercial treaties between this Government and other nations contain provisions securing for the nationals of each of the contracting parties complete equality in the matter of duties imposed on the cargoes of vessels of each country in the ports of the other. The purpose of such provisions is evidently to prevent any discrimination against vessels through the imposition of discriminatory duties on their cargoes. The following article in the treaty concluded with the Argentine Republic on July 27, 1853, is an example of a provision of this character:

#### ARTICLE VI.

"The same duties shall be paid and the same drawbacks and bounties allowed upon the importation or exportation of any article into or from the territories of the United States, or into or from the territories of the Argentine Confederation, whether such importation or exportation be made in vessels of the United States or in vessels of the Argentine Confederation."

The treaties just mentioned generally also contain other provisions securing for the nationals of each of the contracting countries reciprocal equality generally with regard to duties on goods shipped from one country into the other. Such stipulations stand in the way of discriminatory tariff duties without reference to agencies of transportation. The following comprehensive provision of this character is also found in the treaty with the Argentine Republic:

#### ARTICLE IV.

"No higher or other duties shall be imposed on the importation into the territories of either of the two contracting parties of any article of the growth, produce, or manufacture of the territories of the contracting party than are, or shall be, payable on the like article of any other foreign country; nor shall any other or higher duties or charges be imposed in the territories of either of the contracting parties on the exportation of any article to the territories of the other than such as are, or shall be, payable on the exportation of the like article to any other foreign country; nor shall any prohibition be imposed upon the importation or exportation of any article of the growth, produce, or manufacture of the territories of either of the contracting parties to or from the territories of the other which shall not equally extend to the like article of any other foreign country."

It will be noted that provisions such as those in the above-quoted article relate to the importation of goods by land and by sea, and are not limited merely as are those referred to in the act of June 5, 1920, to goods imported in American vessels or in foreign vessels.

The treaties in question further contain provisions obligating each of the contracting Governments not to impose on the vessels of the other higher tonnage dues than those payable on its own vessels. Article V of the treaty with the Argentine Republic is illustrative of such provisions. It reads as follows:

#### ARTICLE V.

"No other or higher duties or charges, on account of tonnage, light or harbor dues, pilotage, salvage in case of average or shipwreck, or any other local charges, shall be imposed in the ports of the two con-



tracting parties on the vessels of the other than those payable in the same ports on its own vessels."

The purpose of the so-called most-favored-nation clauses in treaties may be said to be to prevent discrimination in general and comprehensive terms by securing to each contracting party the benefit of any favor awarded to a third nation by the other contracting party. Article III of the treaty with the Argentine Republic may be cited as an example of such provisions. This article reads as follows:

ARTICLE III.

"The two high contracting parties agree that any favor, exemption, privilege, or immunity whatever, in matters of commerce or navigation, which either of them has actually granted, or may hereafter grant, to the citizens or subjects of any other government, nation, or State shall extend, in identity of cases and circumstances, to the citizens of the other contracting party, gratuitously, if the concession in favor of that other government, nation, or State shall have been gratuitous; or, in return for an equivalent compensation, if the concession shall have been conditional."

Provisions of the four general classes to which I have referred are found in treaties with the following countries: Argentine Republic, July 27, 1853; Belgium, March 8, 1875; Bolivia, May 13, 1858; Borneo, June 23, 1850; China, November 17, 1880, and October 8, 1903; Colombia, December 12, 1846; Costa Rica, July 10, 1851; Denmark, April 26, 1826; Ethiopia, June 27, 1914; Great Britain, July 3, 1815; Honduras, July 4, 1864; Italy, February 25, 1871; Japan, February 21, 1911; Liberia, October 21, 1862; Muscat, September 21, 1833; Netherlands, August 26, 1852; Norway, July 4, 1827; Ottoman Empire, May 7, 1830; Paraguay, February 4, 1859; Persia, December 13, 1856; Serbia, October 14, 1881; and Spain, July 3, 1902. It is possible that certain of the provisions of the treaty of commerce and navigation concluded with France on June 24, 1822, are within the intent of section 34 of the merchant marine act of 1920.

As you probably recall, the treaty concluded between the United States and Cuba December 11, 1902, provides for free entry of certain commodities shipped from one country into the other and establishes certain rates of duties. Section 34 of the act of June 5, 1920, would seem to require the abrogation of all treaty stipulations that in any way restrict the Government of the United States from imposing discriminatory duties. This treaty with Cuba obviously stands in the way of imposition by the United States of discriminatory duties on certain Cuban products.

The majority of the above-mentioned treaties contain the customary stipulations with regard to termination of a treaty as a whole (not in part) by either party on 12 months' notice. The treaty of 1911 with Japan, which has an initial duration of 12 years, may be terminated by either party on six months' notice given on or after January 17, 1923, and the treaty of 1822 with France may be terminated on three months' notice under the agreement signed July 17, 1919. Of the treaties listed above, those with the Argentine Republic, Borneo, China (November 17, 1880), Liberia, Muscat, and the Ottoman Empire do not contain any stipulation with regard to notice of termination. The treaty of October 8, 1903, with China is operative for successive periods of 10 years from the exchange of ratifications on January 13, 1904, and may be revised at the end of any 10-year period on notice given by either the United States or China. The earliest date on which the treaty of June 27, 1914, with Ethiopia may be terminated is September 19, 1928.

The treaties and conventions concluded by the United States with foreign countries up to the year 1913, which are printed in the United States Statutes at Large, may be conveniently consulted in the compilation entitled "Treaties, Conventions, International Acts, Protocols, and Agreements between the United States and Other Powers," in three volumes, which is published by the Government Printing Office. Treaties concluded since the compilation of the third volume of this publication may be consulted in the several volumes of the Statutes at Large.

I have the honor to be, sir, your obedient servant,

CHARLES E. HUGHES.

Mr. McKELLAR. Mr. President, I now offer as an amendment to the shipping bill the amendment that has just been read by the Secretary.

The PRESIDING OFFICER. The amendment will be printed and ordered to lie on the table.

Mr. McKELLAR. That amendment is in furtherance of the plan that was suggested by me to abrogate those treaties.

I now ask unanimous consent to have printed in the RECORD the convention between the United States of America and His Britannic Majesty of date December 22, 1815, as extended and amended by a commercial convention whereof the ratifications were exchanged on April 2, 1828. I ask unanimous consent to have both of them printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

GREAT BRITAIN—REGULATING COMMERCE.

Convention between the United States of America and His Britannic Majesty to regulate commerce between the two countries.—Signed at London July 3, 1815. Ratification advised by the Senate December 19, 1815. Ratified by the President December 22, 1815. Ratifications exchanged December 22, 1815. Proclaimed December 22, 1815.

James Madison, President of the United States of America, to all and singular to whom these presents shall come, greeting:

Whereas a convention between the United States of America and His Britannic Majesty, to regulate the commerce between the Territories of the United States and of His Britannic Majesty, was signed at London on the 3d day of July, in the year 1815, by plenipotentiaries respectively appointed for that purpose, which convention is in the words following, to wit:

"The United States of America and His Britannic Majesty being desirous, by a convention, to regulate the commerce and navigation between their respective countries, territories, and people in such a manner as to render the same reciprocally beneficial and satisfactory, have respectively named plenipotentiaries and given them full powers to treat of and conclude such convention; that is to say—

"The President of the United States, by and with the advice and consent of the Senate thereof, hath appointed for the plenipotentiaries

John Quincy Adams, Henry Clay, and Albert Gallatin, citizens of the United States, and His Royal Highness the Prince Regent, acting in the name and on the behalf of His Majesty, has named for his plenipotentiaries the Right Hon. Frederick John Robinson, vice president of the Committee of Privy Council for Trade and Plantations, joint paymaster of His Majesty's forces, and a member of the Imperial Parliament; Henry Goulburn, Esq., a member of the Imperial Parliament and under-secretary of State, and William Adams, Esq., doctor of civil laws.

"And the said plenipotentiaries having mutually produced and shown their said full powers, and exchanged copies of the same, have agreed on and concluded the following articles, videlicet.

"ARTICLE THE FIRST.

"There shall be between the Territories of the United States of America and all the territories of His Britannic Majesty in Europe a reciprocal liberty of commerce. The inhabitants of the two countries, respectively, shall have liberty freely and securely to come with their ships and cargoes to all such places, ports, and rivers in the territories aforesaid to which other foreigners are permitted to come, to enter into the same, and to remain and reside in any parts of the said Territories, respectively; also to hire and occupy houses and warehouses for the purposes of their commerce, and generally the merchants and traders of each nation, respectively, and shall enjoy the most complete protection and security for their commerce, but subject always to the laws and statutes of the two countries, respectively.

"ARTICLE THE SECOND.

"No higher or other duties shall be imposed on the importation into the United States of any articles the growth, produce, or manufacture of His Britannic Majesty's territories in Europe, and no higher or other duties shall be imposed on the importation into the territories of His Britannic Majesty in Europe of any articles the growth, produce, or manufacture of the United States than are or shall be payable on the like articles being the growth, produce, or manufacture of any other foreign country nor shall any higher or other duties or charges be imposed in either of the two countries on the exportation of any articles to the United States or to His Britannic Majesty's territories in Europe, respectively, than such as are payable on the exportation of the like articles to any other foreign country, nor shall any prohibition be imposed on the exportation or importation of any articles the growth, produce, or manufacture of the United States or of His Britannic Majesty's territories in Europe to or from the said territories of His Britannic Majesty in Europe, or to or from the said United States, which shall not equally extend to all other nations.

"No higher or other duties or charges shall be imposed in any of the ports of the United States on British vessels than those payable in the same ports by vessels of the United States, nor in the ports of any of His Britannic Majesty's territories in Europe on the vessels of the United States than shall be payable in the same ports on British vessels.

"The same duties shall be paid on the importation into the United States of any articles the growth, produce, or manufacture of His Britannic Majesty's territories in Europe, whether such importation shall be in vessels of the United States or in British vessels, and the same duties shall be paid on the importation into the ports of any of His Britannic Majesty's territories in Europe of any article the growth, produce, or manufacture of the United States, whether such importation shall be in British vessels or in vessels of the United States.

"The same duties shall be paid and the same bounties allowed on the exportation of any articles the growth, produce, or manufacture of His Britannic Majesty's territories in Europe to the United States, whether such exportation shall be in vessels of the United States or in British vessels, and the same duties shall be paid and the same bounties allowed on the exportation of any article the growth, produce, or manufacture of the United States to His Britannic Majesty's territories in Europe, whether such exportation shall be in British vessels or in vessels of the United States.

"It is further agreed that in all cases where drawbacks are or may be allowed upon the reexportation of any goods the growth, produce, or manufacture of either country, respectively, the amount of the said drawbacks shall be the same whether the said goods shall have been originally imported in a British or an American vessel. But when such reexportation shall take place from the United States in a British vessel or from the territories of His Britannic Majesty in Europe in an American vessel to any other foreign nation, the two contracting parties reserve to themselves, respectively, the right of regulating or diminishing in such case the amount of the said drawback.

"The intercourse between the United States and His Britannic Majesty's possessions in the West Indies and on the Continent of North America shall not be affected by any of the provisions of this article, but each party shall remain in the complete possession of its rights with respect to such an intercourse.

"ARTICLE THE THIRD.

"His Britannic Majesty agrees that the vessels of the United States of America shall be admitted and hospitably received at the principal settlements of the British Dominions in the East Indies vide licet, Calcutta, Madras, Bombay, and Prince of Wales' Island, and that the citizens of the said United States may freely carry on trade between the said principal settlements and the said United States in all articles of which the importation and exportation, respectively, to and from the said territories shall not be entirely prohibited—provided only that it shall not be lawful for them in any time of war between the British Government and any State or power whatever to export from the said territories, without the special permission of the British Government, any military stores or naval stores or rice. The citizens of the United States shall pay for their vessels when admitted no higher or other duty or charge than shall be payable on the vessels of the most favored European nations, and they shall pay no higher or other duties or charges on the importation or exportation of the cargoes of the said vessels than shall be payable on the same articles when imported or exported in the vessels of the most favored European nations.

"But it is expressly agreed that the vessels of the United States shall not carry any articles from the said principal settlements to any port or place except to some port or place in the United States of America where the same shall be unladen.

"It is also understood that the permission granted by this article is not to extend to allow the vessels of the United States to carry on any part of the coasting trade of the said British territories, but the vessels of the United States having in the first instance proceeded to one of the said principal settlements of the British Dominions in the East Indies and then going with their original cargoes or part thereof from one of the said principal settlements to another shall not be considered as carrying on the coasting trade. The vessels of the United



States may also touch for refreshment, but not for commerce, in the course of their voyage to or from the British territories in India, or to or from the dominions of the Emperor of China, at the Cape of Good Hope, the Island of St. Helena, or such other places as may be in the possession of Great Britain in the African or Indian Seas, it being well understood that in all that regards this article the citizens of the United States shall be subject in all respects to the laws and regulations of the British Government from time to time established.

#### "ARTICLE THE FOURTH.

"It shall be free for each of the two contracting parties, respectively, to appoint consuls for the protection of trade, to reside in the dominions and territories of the other party, but before any consul shall act as such he shall in the usual form be approved and admitted by the Government to which he is sent, and it is hereby declared that in case of illegal or improper conduct toward the laws or Government of the country to which he is sent, such consul may either be punished according to law, if the laws will reach the case, or be sent back, the offended Government assigning to the other the reasons for the same.

"It is hereby declared that either of the contracting parties may except from the residence of consuls such particular places as such party shall judge fit to be so excepted.

#### "ARTICLE THE FIFTH.

"This convention, when the same shall have been duly ratified by the President of the United States, by and with the advice and consent of their Senate, and by His Britannic Majesty, and the respective ratifications mutually exchanged shall be binding and obligatory on the said United States and His Majesty for four years from the date of its signature and the ratifications shall be exchanged in six months from this time or sooner if possible.

"Done at London this 3d day of July in the year of our Lord 1815.

[SEAL.] JOHN QUINCY ADAMS.  
[SEAL.] H. CLAY.  
[SEAL.] ALBERT GALLATIN.  
[SEAL.] FREDERICK JOHN ROBINSON.  
[SEAL.] HENRY GOULBURN.  
[SEAL.] WILLIAM ADAMS."

Now, therefore, be it known that I, James Madison, President of the United States of America, having seen and considered the foregoing convention, have, by and with the advice and consent of the Senate, accepted, ratified, and confirmed the same, and every clause and article thereof, subject to the exception contained in a declaration made by the authority of His Britannic Majesty on the 24th day of November last, a copy of which declaration is hereunto annexed.

In testimony whereof I have caused the seal of the United States to be hereunto affixed, and have signed the same with my hand. Done at the city of Washington this 22d day of December, A. D. 1815, and of the Independence of the United States the fortieth.

[SEAL.] JAMES MADISON.  
By the President:  
JAS. MONROE,  
Secretary of State.

#### DECLARATION.

The undersigned, His Britannic Majesty's chargé d'affaires in the United States of America is commanded by His Royal Highness the Prince Regent, acting in the name and on the behalf of His Majesty, to explain and declare upon the exchange of the ratifications of the convention concluded at London on the 3d of July of the present year for regulating the commerce and navigation between the two countries, that in consequence of events which have happened in Europe subsequent to the signature of the convention aforesaid, it has been deemed expedient and determined in conjunction with the allied sovereigns that St. Helena shall be the place allotted for the future residence of Gen. Napoleon Bonaparte under such regulations as may be necessary for the perfect security of his person, and it has been resolved for that purpose that all ships and vessels whatever, as well British ships and vessels as others, excepting only ships belonging to the East India Co. shall be excluded from all communication with or approach to that island.

It has therefore become impossible to comply with so much of the third article of the treaty as relates to the liberty of touching for refreshment at the Island of St. Helena, and the ratifications of the said treaty will be exchanged under the explicit declaration and understanding that the vessels of the United States can not be allowed to touch at or hold any communication whatever with the said island so long as the said island shall continue to be the place of residence of the said Napoleon Bonaparte.

WASHINGTON, November 24, 1815.

ANTHONY ST. JNO. BAKER.

#### GREAT BRITAIN—COMMERCIAL.

Commercial convention between the United States of America and Great Britain. Concluded August 6, 1827. Ratification advised by the Senate January 9, 1828. Ratified by the President January 12, 1828. Ratifications exchanged April 2, 1828. Proclaimed May 15, 1828.

By the President of the United States of America, a proclamation:

Whereas a convention between the United States of America and His Majesty the King of the United Kingdom of Great Britain and Ireland was concluded and signed by their plenipotentiaries at London on the 6th day of August, 1827, which convention is, word for word, as follows:

"The United States of America and His Majesty the King of the United Kingdom of Great Britain and Ireland, being desirous of continuing in force the existing commercial regulations between the two countries which are contained in the convention concluded between them on the 3d of July, 1815, and further renewed by the fourth article of the convention of the 20th of October, 1818, have, for that purpose, named their respective plenipotentiaries, that is to say:

"The President of the United States of America, Albert Gallatin, their envoy extraordinary and minister plenipotentiary to His Britannic Majesty;

"And His Majesty the King of the United Kingdom of Great Britain and Ireland, the Right Hon. Charles Grant, a member of his said majesty's most honorable privy council, a member of Parliament, and vice president of the committee of privy council for affairs of trade and foreign plantations; and Henry Unwin Addington, Esq.;

"Who, after having communicated to each other their respective full powers, found to be in due and proper form, have agreed upon and concluded the following articles:

#### "ARTICLE I.

"All the provisions of the convention concluded between the United States of America and His Majesty the King of the United Kingdom of Great Britain and Ireland, on the 3d of July, 1815, and fur-

ther continued for the term of 10 years by the fourth article of the convention of the 20th of October, 1818, with the exception therein contained as to St. Helena, are hereby further indefinitely, and without the said exception, extended and continued in force from the date of the expiration of the said 10 years in the same manner as if all the provisions of the said convention of the 3d of July, 1815, were herein specifically recited.

#### "ARTICLE II.

"It shall be competent, however, to either of the contracting parties, in case either should think fit, at any time after the expiration of the said 10 years—that is, after the 20th of October, 1828—on giving due notice of 12 months to the other contracting party, to annul and abrogate this convention; and it shall, in such case, be accordingly entirely annulled and abrogated after the expiration of the said term of notice.

#### "ARTICLE III.

"The present convention shall be ratified, and the ratifications shall be exchanged in nine months, or sooner if possible.

"In witness whereof the respective plenipotentiaries have signed the same and have affixed thereto the seals of their arms.

"Done at London the 6th day of August, in the year of our Lord 1827.

[SEAL.] ALBERT GALLATIN.  
[SEAL.] CHA. GRANT.  
[SEAL.] HENRY UNWIN ADDINGTON."

And whereas the said convention has been duly ratified on both parts, and the respective ratifications of the same were exchanged at London on the 2d day of April, 1828, by William Beach Lawrence, chargé d'affaires of the United States at the court of His Britannic Majesty, and the Right Hon. Charles Grant and Henry Unwin Addington, Esq., on the part of their respective Governments:

Now, therefore, be it known that I, John Quincy Adams, President of the United States of America, have caused the said convention to be made public, to the end that the same and every clause and article thereof may be observed and fulfilled with good faith by the United States and the citizens thereof.

In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this 15th day of May, in the year of our Lord one thousand eight hundred and twenty-eight and of the Independence of the United States the fifty-second.

[SEAL.] JOHN QUINCY ADAMS.  
By the President:  
H. CLAY,  
Secretary of State.

Mr. McKELLAR. Mr. President, I desire to call attention to the remarkable fact that we have had no commercial treaty with England since 1815 except this treaty just read. The commercial treaty that we agreed to at that time was agreed to under very peculiar circumstances. The War of 1812 was brought about by Great Britain's impressment of our seamen and by what we called her illegal blockade of ports. As we all recall from history, that war was fought with varying fortunes; and finally, in December, 1814, we agreed to a treaty of peace. Under that treaty the United States got nothing. Not a word is said in that treaty about the impressment of our seamen, and not a word is said about illegal blockades complained of by us—the two things for which we went to war. The only real thing favorable to us accomplished in that war was the Battle of New Orleans, which was fought by Gen. Andrew Jackson on the 8th of January, 1815, after the treaty of peace had been signed, but of which General Jackson did not know. It was under those circumstances, where we had come out in not a successful way, to put it mildly, that the commercial convention of December 22, 1815, was entered into between Great Britain and the United States.

That convention contains a number of discriminations against the American merchant marine. It is very natural that it should. Various discriminations were made. In reality, it applied only to dealings or commerce between the British Isles proper and the United States. It did not refer, except in certain particulars, to colonies. In all matters pertaining to the colonies of Great Britain, the United States was put to a very great disadvantage by the treaty, and under this treaty great discriminations have been practiced against the merchant marine of the United States ever since. I will say to the Senator from Washington [Mr. JONES], in charge of this bill, that one of the great reasons for our merchant marine not having been a success was because of the inequality and injustice of the treaty of 1815 between the United States and Great Britain, which, for some remarkable reason, has been in force ever since, and is in force to-day. I have already asked and received permission to put it in the RECORD; but, as giving an illustration, I want to read certain provisions of it.

Mr. JONES of Washington. Mr. President—

Mr. McKELLAR. I yield to the Senator.

Mr. JONES of Washington. I just want to say to the Senator that there will be no dispute between him and me on that matter.

Mr. McKELLAR. I was sure there would not be. I want to read from article 3 of the treaty:

It is also understood that the permission granted by this article is not to extend to allow the vessels of the United States to carry on any part of the coasting trade of the said British territories, but the vessels of the United States having in the first instance proceeded to one of the said principal settlements of the British dominions in the



East Indies, and then going with their original cargoes, or part thereof, from one of the said principal settlements to another shall not be considered as carrying on the coasting trade.

But here is the sentence to which I particularly refer:

The vessels of the United States may also touch for refreshment but not for commerce in the course of their voyage to or from the British territories in India, or to or from the dominions of the Emperor of China, at the Cape of Good Hope, the Island of St. Helena, or such other places as may be in the possession of Great Britain in the African or Indian seas, it being well understood that in all that regards this article the citizens of the United States shall be subject in all respects to the laws and regulations of the British Government from time to time established.

Somebody suggested here not long ago that it was very outrageous that American ships taking American cargoes to Egypt were prohibited by Great Britain from taking any Egyptian cargoes back to the United States, but had to bring their ships back in ballast; and that is true, but it is directly within the terms of this agreement. The United States has no power to trade in her own ships or, at all events, to bring cargoes from any of the British possessions in any Indian sea or in any African sea against Great Britain's objection; and as Great Britain has large possessions in those seas, the United States is thereby cut off from an enormous trade under this treaty. It is a discriminatory treaty all the way through. It ought to be abrogated. Both parties have outgrown it. It is in a different situation from the other twenty-odd treaties that were referred to in section 34 of the merchant marine act of 1920, and for that reason ought to be treated separately. In the amendment that I have offered it is treated separately and it is abrogated, and the President is requested to make a new treaty with Great Britain which will give us the right to trade in British possessions without discrimination as well as in Great Britain itself.

Of course, as long as this treaty is in force America will be discriminated against by the British in trade and commerce, and it should not be so. We ought to be permitted to discriminate in return in the event a discrimination is continued against us.

Mr. JONES of Washington. I am rather inclined to think that that situation has been changed by the acceptance by Great Britain of our act. I think it was in 1828 that we repealed our discriminating provision on the condition that other countries would accept it. England, I think, accepted it along about 1853.

Mr. McKELLAR. My recollection is that the act of 1828 did not apply to Great Britain, because we already had a treaty with Great Britain; but it did apply to Germany, it did apply to France, and it did apply to some others. At all events, the Secretary of State says in his letter that this treaty is included in section 34.

Mr. JONES of Washington. I think the Senator will find that it did apply to Great Britain, although I have not looked the matter up recently.

Mr. McKELLAR. At all events, I am sure the Senator will agree with me, and I believe the Senate will agree with me, that we should not be bound by the provisions of that old treaty, made more than a hundred years ago, before the introduction of steam, before the tremendous improvements which have been made in trade and commerce all over the world, and that it ought to be abrogated. It not having been abrogated in the usual way, then the Congress, in its wisdom, should direct an abrogation of the treaty and request the President to negotiate a new treaty.

Mr. JONES of Washington. Of course, the Senator knows I have been trying to get those treaties abrogated.

Mr. McKELLAR. I am sure it will be done if the Senator will vote for the amendment. I send to the desk a second amendment abrogating other treaties. I do not ask that this amendment be read, but I will ask that it be printed in the RECORD. I have an amendment here providing for the abrogation of treaties with all of the nations, except Great Britain and Japan, which the Secretary of State wrote me would be effected by the provision known as section 34 of the merchant marine act of 1920. This amendment, if adopted, would abrogate all of those treaties except two, one with Great Britain, which I have already discussed, and one with Japan, which I will now discuss for just a moment.

I ask unanimous consent that the amendment may be printed in the RECORD and offered as an amendment to the pending shipping bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendment is as follows:

On page 52, after line 17, insert the following new section: "Sec. 712a. Whereas in section 34 of the merchant marine act passed by the Congress and approved June 5, 1920, the President was authorized and directed within 90 days after this act becomes law

to give notice to the several Governments, respectively, parties to such treaties or conventions, that so much thereof as imposes any such restrictions on the United States will terminate on the expiration of such periods for the giving of such notice by the provisions of such treaties or conventions"; and

"Whereas the President of the United States refused and failed to give notice, as required by said act of Congress, to the nations affected by said section; and

"Whereas treaties with the following countries, together with the date of conclusions of such treaties, are within the intent of section 34 of said merchant marine act of 1920: Argentine Republic, July 27, 1853; Belgium, March 8, 1875; Bolivia, May 13, 1858; Borneo, June 23, 1850; China, November 17, 1880, and October 8, 1903; Colombia, December 12, 1846; Costa Rica, July 10, 1851; Denmark, April 26, 1826; Ethiopia, June 27, 1914; Honduras, July 4, 1864; Italy, February 25, 1871; Liberia, October 21, 1862; Muscat, September 21, 1833; Netherlands, August 26, 1852; Norway, July 4, 1827; Ottoman Empire, May 7, 1830; Paraguay, February 4, 1859; Persia, December 13, 1856; Serbia, October 14, 1881; and Spain, July 3, 1902; and the treaty of commerce and navigation, concluded with France on June 24, 1822; and

Whereas the said conventions are no longer responsive in various respects to the commercial needs of the several countries: Therefore be it

*Resolved, etc.*, That the Secretary of the Senate and the Clerk of the House of Representatives shall, within 90 days after the passage of this act, give notice to each of said nations, as required in said conventions, by leaving a copy of this act with the diplomatic representatives of each of said countries in Washington or by mailing to the officer conducting the foreign affairs of each of said countries a copy of each of this act.

*Resolved further*, That within the time limit mentioned in each convention after said notice is received by the diplomatic representatives at Washington of each of said countries or after said notice has been received by the officer conducting the foreign affairs of each of said nations the said conventions, and each of them, between the United States and each of said countries of dates mentioned herein are hereby entirely abrogated and annulled, as provided for in said conventions.

*Resolved further*, That the President is hereby requested, upon the abrogation of the said treaties, or any of them, to negotiate with the diplomatic representatives of said countries, in lieu of said conventions hereby abrogated, a new convention more in consonance between the United States and the said several countries.

Mr. McKELLAR. In reference to the treaty with Japan, that treaty was made in 1911. It is a recent treaty and is different from all of the treaties which have been mentioned in the two amendments I have offered. It is very different from the treaty with Great Britain. It very greatly differs from the various commercial conventions which have been made with the other nations mentioned in the second amendment I have offered. As yet I think the Japanese treaty ought to be treated separately, and it ought to be considered more carefully than I have had time to consider it, and I shall not offer that amendment now but shall avail myself of the opportunity of offering it before the bill is finally passed upon.

I have taken occasion to bring these matters before the Senate at this time so that these amendments might be put in the RECORD, in order that the treaty with Great Britain might be put in the RECORD, and in order that this letter of Secretary Hughes might be put in the RECORD, for the benefit of Senators in their further consideration of the shipping bill.

I think those things are very pertinent. I think it is absolutely necessary, if we are to build up a real merchant marine in this country, that those treaties be abrogated and that American rights shall be protected in such new treaties as may be negotiated. As all such new treaties will have to come before the Senate of the United States, I take it that the rights of Americans will be protected properly in the negotiation of those treaties. No one is more concerned than I am in building up our merchant marine. We can not do it by giving a cash subsidy, but we can do it by taking off the shackles that now bind it and passing laws getting business for it.

That is all I have to say about the matter at this time.

#### NAVAL APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 13374) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1924, and for other purposes.

Mr. KING. Mr. President, recurring to a few items we had passed, and in view of the question which I propounded to the Senator having the bill in charge relative to reductions in the number of civilian employees and a diminution in the cost of operation, I want to call the Senator's attention to the item of \$108,000, appearing on page 2, line 5. I find that in the appropriation bill approved July 1, 1922, which carried the naval appropriations for the current year, there were appropriated, under the head of "Office of the Secretary, salaries, Navy Department," \$72,080. If the Senator has the bill of last session before him he will find the allocation of that amount to various persons. In the pending bill this plan seems to have been dispensed with. The Secretary of the Navy is authorized to expend \$108,000 for employees in any way he may deem necessary. It gives him carte blanche authority. In all there are appropriated \$125,000 under the head of "Office of the Secretary," as against \$72,080 in the appropriation bill for the



current year. I was wondering why this carte blanche authority was given the Secretary; why the plan followed in the preceding bill was not followed, and why the various officials were not pointed out, and the salaries which each should receive indicated.

Mr. POINDEXTER. The Senator failed to take into consideration the fact that in addition to the specific appropriation of \$72,080 in the act for the current year, there was \$58,340 appropriated in a lump sum, making a total appropriation of \$130,420 in the act for the current year, against a total of \$125,000 in the pending bill. In other words, the pending bill is a reduction in this item of \$5,420, instead of an increase.

Mr. KING. The Senator will recall that we were promised, when the last naval appropriation bill was under consideration, either in the committee or on the floor, I do not recall just which, that the large number of temporary employees provided for in the bill were temporary, and that those employees would not be continued after the current year. As the Senator states, there were \$53,340 provided for temporary employees, under the promise, as I understand, that those employees would not be retained as a permanent appendage to the department. Under the Senator's statement, there is a saving of only \$5,000 in the office of the Secretary of the Navy, notwithstanding the fact that \$53,000 plus were for temporary employees for the current year. It seems to me that after the end of this year those temporary employees should no longer be attached to the office.

Mr. POINDEXTER. The Senator has considered this reduction in only one office, and the Naval Establishment is the same as it was last year. There are the same number of vessels. In fact, there is considerable additional work in the decommissioning of vessels, in carrying out the terms of the arms limitation treaties, and in going on with the construction of those ships which we are to retain under those treaties. It seems to me the department is entitled to considerable commendation for being able to reduce, in one office, the appropriation for clerks, messengers, draftsmen, technical employees, and so forth, to that extent.

In that connection I would call the Senator's attention to the fact that from June 30, 1922, to September 30, 1922, the total decrease of civilians in the entire Naval Establishment, including the department, was from 55,843 to 48,641. Such a decrease is general in all the offices, both of the department and of the establishment outside of the department.

Mr. KING. Mr. President, in view of the fact that during the war it was necessary to largely increase the forces in practically all of the departments of the Government, and particularly in the War Department and in the Navy Department, it does seem to me that the decrease to which the Senator now refers is inconsequential.

Mr. POINDEXTER. Mr. President, the comparison which I made did not relate to the war force at all. That was reduced on June 30, 1922, enormously. On June 30, 1917, there were 62,224 civilian employees in the department and in the Naval Establishment; on June 30, 1918, there were 100,392; on December 31, 1918, there were 129,843. In addition to those civilian employees on those dates there were large numbers of naval reservists employed on work ordinarily performed by civilian employees, and there has been a reduction from the civilian war force, of which the Senator has spoken, from 129,843 to 48,641.

Mr. KING. I am not sure I understand the Senator. As I understood him a few moments ago, there was a reduction during the past year from 55,000 to forty-odd thousand, and, as I understand the Senator, that related to the civilian force.

Mr. POINDEXTER. It did relate to the civilian force, but immediately following my statement the Senator from Utah said that was a small reduction to have been effected from the war force. I was pointing out to him that that was not the war force, but that the war force was very much greater.

Mr. KING. What I intended to state was that during the war the Government was necessarily compelled to employ a very largely increased force in all departments, and I mentioned particularly the War Department and the Navy Department. As the Senator knows, our Army was increased from a few thousand to more than 4,000,000, and the Navy was increased from a few thousand to more than 400,000, with the marines and all of the auxiliary departments or agencies.

The point I am making is that years after the war is over, and with the plea of the department that pending a return to normal conditions a certain number of temporary employees must be allowed, there is not the reduction in the temporary force that I was led to believe would be brought about.

Mr. POINDEXTER. If the Senator would point out and give information to the committee or to the Senate, even now while we are considering the bill, as to opportunities for further reduction of this force, requiring of the force ordinary industry and the hours of labor that are established by the law, I personally would be very glad indeed to join with the Senator in endeavoring to secure further reductions.

I call his attention to the fact, however, and I think the Senator will agree with me, that there has been a very energetic effort made by the Budget officers, I know much to the embarrassment of the Navy, to reduce the force and cut down expenses in every direction. Notwithstanding that effort, and notwithstanding the fact that the desires of the Navy were curtailed by the officers of the Budget, the Senate Committee on Naval Affairs reported the bill containing an amount less in this item than was recommended by the Budget.

The PRESIDING OFFICER (Mr. ODDIE in the chair). The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The READING CLERK. A bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes.

Mr. JONES of Washington. I ask unanimous consent that the unfinished business may be temporarily laid aside.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BORAH. Mr. President, before we proceed further in the consideration of the bill, I desire to submit some general observations. I think we may perhaps save as much time as we shall save later by discussing some general propositions at the present time.

It is perfectly clear to me that we are again threatened with a naval race. Different reasons for it have been assigned. I am not going to discuss it with reference to individual responsibility. But it is perfectly apparent that it is here, for the reasons which I shall undertake to disclose as the debate proceeds.

The House committee report which accompanied the bill had this to say:

It is the committee's information that already large programs are planned of vessels up to the maximum size permitted under the agreement, and that new and larger types of subsurface craft have begun to put in an appearance. In other words, competition is on again in the single direction to which the unratified agreement does not extend, and if it be allowed to go on unchecked the purse strings again must be relaxed and this Government, like all the others, will be constrained to launch upon a new program to the extent necessary to keep us at least abreast of any of the other powers.

I am of the opinion that that statement is well founded, and unless something can be done to prevent it, the purse strings will again be relaxed and we are to have what we had hoped to avoid by the disarmament conference. Building is going on abroad, we are told, along all lines not specifically covered by the disarmament conference treaty. The things which were covered by that treaty have been regarded to some extent as not essential to a modern navy, and therefore the course now being pursued is that of a naval race in those things which really count in modern naval warfare.

There is a very pronounced propaganda in the country in favor of an increased or enlarged navy. There is also a very remarkable propaganda in favor of an increased or enlarged army. The reasons which are assigned for this are because not only of the building abroad in naval affairs, but because of the economic conditions and the discontent and distress which prevail throughout the world. We are told almost daily by the admirals of the Navy or by those who are high in authority in the Army that we may expect almost any day a condition of affairs abroad which will necessitate our having a vast navy and a very much larger army.

There was no more pronounced advocate of disarmament at the time of the disarmament conference was on than General Pershing. He stated, and stated truly, that unless some course could be adopted which would prevent the continuation of increased armament a practically universal breakdown must follow. On the 29th of December, 1920, General Pershing said:

Unless some such move (as disarmament) be made, we may well ask ourselves whether civilization does not really reach a point where it begins to destroy itself and whether we are thus doomed to go headlong down through destructive war and darkness to barbarism.

That statement was made just about two years ago. For some reason, owing, I assume, to conditions which the general sees or thinks he sees, he has concluded that we should not commit ourselves to a program of disarmament, but, upon the other hand, we should build a much larger and stronger navy and also provide for a much larger army. He has been speaking throughout the country for the last two months upon this



subject and has over and over again stated that conditions were such as to endanger the safety of the United States unless we should prepare upon an enlarged and increased scale both with reference to our Army and our Navy. I take it, therefore, that General Pershing has come to the conclusion that the theory of disarmament or limitation of armaments under present conditions is an impractical or an impossible one.

Speaking on the 12th of December, the present month, in New York City, it was said, according to the press reports:

At 11 o'clock yesterday, four hours to the minute from the hour of the armistice, Gen. John J. Pershing, speaking before the National Civic Federation at the Hotel Astor, began an earnest plea for America to abandon its "fallacious, fatuous, and foolish" policy of disarmament and to adopt a program for preparedness to defend the national life of the United States.

I shall not read at length from the address, but the address carries out the statement of the paper fully. General Pershing gave as his reason for his views the disturbing questions and problems of an economic or financial or business nature of the Old World, believing, apparently, that unless these can be adjusted and settled there is no possible way for us to remain out of another conflict, perhaps equal to the one from which we emerged four years ago.

General Harbord, the assistant of General Pershing, speaking shortly thereafter in the city of Washington, said that—

An effort was being made to disparage the work of the Army, deny its claims for further extension of credit, and displace its "old-line insurance" with a much-advertised substitute called "disarmament," presented as a panacea for every national ailment."

Continuing, he said he thought—

that there were probably trying days ahead for "Uncle Sam, Limited," and while "ologies" and "isms" might come and go and conferences might confer, human nature remained the same—"men will be men, trade is trade, and nations will fight for economic supremacy."

Again, he said:

It is being handled—

That is, disarmament—

on the market by the same class of irresponsible speculators who for years have dabbled in similar fakes and cheap imitations. It will be presented to you in very attractive form by some of the smoothest agents of the business, among them those who, in the enthusiasm of newly conferred suffrage and anxious to do good, will endeavor to flood the market with this fake substitute for our old-line insurance, urging with all that fascinating inconsistency of mingled charms and hysterics which so often characterizes lovely woman.

I might quote at great length and by the hour from the views of different representatives of the Army and the Navy and of others also high in official position. I only quote them, Mr. President, to show that there already exists in the minds of these men the necessity for throwing off all effort in the limitation of armament under present conditions and to depart entirely from the program which they indorsed so earnestly and enthusiastically a year ago.

I take it, Mr. President, that they have sufficient reasons, from their viewpoint, for these statements. It is not my intention, as I said a moment ago, to indulge in personal criticism. I only call attention to the condition of affairs, and that is that we are again entering upon a competitive race in armament, that we are practically abandoning any further effort along the line of disarmament or the limitation of armament. Before we accept such a course we ought to survey the situation with reference to our present condition and as to what will probably follow. It is my purpose briefly to call attention to some of the conditions in this country at this time.

Mr. President, our present national indebtedness is between twenty-one billion and twenty-two billion dollars—an almost inconceivable sum when one attempts to measure it with any degree of accuracy or intelligence. In these days we speak of billions in glib terms, but when one comes to measure what \$22,000,000,000 means in the way of an indebtedness it is pretty difficult to get a thorough comprehension of it. At the close of the Civil War we had an indebtedness of about two and a half billion dollars.

In the space of about 50 years we had reduced it about one-half. At the same rate of reduction we now have an indebtedness which it will take us over twelve hundred years to pay. When we seek to measure the payment of this debt in human toil, in energy, in sacrifice, and in suffering it is beyond the power of human language to portray the seriousness of this burden. The entire amount of gold which has been produced since 1493 is \$5,000,000,000 less than our present national debt.

In addition to our national debt we have at present an annual expenditure of something about three and one-half billion dollars a year—possibly a little less, possibly a little more. It has not been so very long since we were regarded as unduly extravagant when it was known that we had had "a

billion dollar Congress" in the way of appropriations; but now, four years after the close of the World War, after all those expenditures which have particularly to do with the prosecution of the war are supposed to have been eliminated, or at least greatly modified, we still have a national expenditure of some three and a half billion dollars a year.

That, however, Mr. President, only gives a very inadequate glimpse of the real condition of affairs in this country. When we take into consideration the national debt and the national expenditure we have only a portion, and a very inadequate portion, comparatively speaking, of the entire debt and the entire burden which rest upon the American people at this time. I have before me some figures with reference to the indebtedness of the States and the cities and the annual tax levies in the States, and the increase of indebtedness and of taxes, which has been furnished me by the Census Bureau. I am not going to take the time of the Senate to call attention in detail to all of the figures, but I wish to direct attention to the enormous increase of indebtedness and the enormous increase of taxes during the last four or five years.

I shall compare the statistics for a period prior to our entrance into the World War with those for a period after the termination of the war in various States, some of which were under the administration of one party and some under the administration of the other party. I desire to disclose what is actually taking place throughout this country not only in the way of increasing our burdens by the Federal Government, but what has become, in a sense, a national disease, the increasing of indebtedness everywhere. I cite, for instance, the increase of the levy of general taxes on real and personal property in the following States:

The levy in Arizona June 20, 1915, was \$1,830,262, which increased in three years to \$3,746,137; in Colorado on June 30, 1915, it was \$1,830,262, and on November 30, 1920, it had increased to \$5,518,229; in Idaho on September 30, 1914, it was \$1,044,880, and had increased on September 30, 1920, to \$3,095,482; in Illinois, covering the same period, the tax levy had increased from \$11,788,000 to \$16,939,000; in Indiana it had increased from \$7,889,000 to \$11,677,000; in Massachusetts from \$8,750,000 in 1914 to \$14,000,000 on November 30, 1920. In Minnesota on July 31, 1914, the tax levy was \$6,974,000, but it had increased on June 30, 1921, to \$11,493,000—not giving the hundreds of dollars. In Nebraska in 1914 it was \$3,681,000, but increased in 1920 to \$8,124,000; in New Jersey it increased from \$11,160,000 to \$22,334,000; in New York from \$1,103,449 in 1914 to \$14,130,000 in 1920.

Mr. LODGE. Do the figures which the Senator from Idaho is giving refer to State taxes?

Mr. BORAH. They cover the increased levies in taxes on real and personal property.

Mr. POINDEXTER. In New York it should be billions of dollars, should it not?

Mr. BORAH. I thought that myself and I called up the Census Bureau. I could not understand those figures, but that is the way they were furnished to me.

In North Dakota the tax levy increased from \$1,347,000 to \$2,941,000; in South Carolina from \$1,843,000 to \$5,401,000; in Texas it increased from \$10,286,000 to \$21,023,000; in the State of Washington it increased from \$8,317,000, in 1914, to \$17,459,000 on September 30, 1920; in West Virginia it increased from \$1,276,000, in 1915, to \$3,220,000 in 1921; in Wyoming in 1914 the tax levy amounted to \$580,659, but it increased to \$1,547,955.

Mr. BRANDEGEE. Mr. President, let me ask the Senator a question: Do I understand him to say that the figures stated by him represent the increase in taxes which are laid and collected in the various States enumerated by him?

Mr. BORAH. Yes. They represent the increase in the general property taxes levied on real and personal property in the respective States.

Mr. STANLEY. Mr. President, has the Senator from Idaho made any inquiry in order to ascertain how much of the increase in the taxes referred to by him is due to the inability of the States to raise revenue from other sources which hitherto were available? The result was inevitable in my State.

Mr. BORAH. I am not interested in that question, Mr. President, because it is immaterial to me from what part of the goose the feather is plucked.

Mr. BRANDEGEE. I wish to follow my inquiry—

Mr. STANLEY. If the Senator will excuse me, I desire to say if you have two geese and kill one of them, you have got to pluck the other a little cleaner.

Mr. BORAH. Yes; it is just that much harder on the goose that is living. [Laughter.]



Mr. BRANDEGEE. I wish to ask the Senator from Idaho if the authorities who furnished him these statistics furnished figures showing the increase in property values upon which the taxes were collected?

Mr. BORAH. No; they did not do so. Such figures can be obtained, of course, but I do not happen to have them.

Mr. BRANDEGEE. In other words, I wish to know whether the rate of taxation or the taxes themselves had been increased out of proportion to the increase in the value of the property upon which the taxes have been levied or assessed?

Mr. NICHOLSON. Mr. President, I should like to ask the Senator from Idaho whether in compiling the figures as to the increase in taxes to which he refers as having taken place in the various States any account has been taken of what the States have voted for the soldiers' bonus, for which bonds have been issued, or whether any account has been taken of the bonds which have been authorized and issued in various States for the building of roads. For instance, in my own State the increase of indebtedness is entirely due to bonds which were issued for the construction of public highways.

Mr. BORAH. Mr. President, the purpose for which I cited the figures did not involve the question of the cause of the levy of the taxes. I am only seeking to show the increase in taxation. So far as I am concerned now, for the purpose of the question which I have in mind, it is immaterial to me whether the taxes were increased because of the issue of bonds or whether they were increased for one purpose or another; but this tax burden is now resting upon the people of the different States. Those States may have imposed it upon themselves—of course they did; the burden would not be there if they had not—but it is a form of extravagance, an increase of the burden, regardless of the reasons which actuated the people when they laid on the burden.

Mr. KING. Will the Senator from Idaho yield to me?

Mr. BORAH. I yield.

Mr. KING. I think the figures submitted by the Senator from Idaho, which he has obtained from the Census Office, do not include the indebtedness to which the Senator from Colorado [Mr. NICHOLSON] referred, namely, bonded indebtedness.

Mr. BORAH. Oh, no; it does not include bonded indebtedness.

Mr. KING. So the Senator from Colorado is entirely in error, in my opinion, in attempting to include within the figures mentioned the indebtedness of his State resulting from the issuance of bonds. The figures which the Senator from Idaho is citing merely represent the increase in the taxes.

Mr. BORAH. The figures given by me do not include bonded indebtedness.

Mr. KING. And, may I say, they do not include the taxes which are levied by counties, by municipalities, and school districts of the States.

Mr. POINDEXTER. That is all very true; but you can not pay the interest on bonds without levying taxes, and bonds bearing interest issued for roads and for schools have a very direct bearing upon the amount of these taxes; but none of it has anything to do with the support of the Military Establishment because not a dollar or a cent of those moneys is expended for that purpose.

Mr. BORAH. I quite agree with that. I am simply undertaking to show the economic condition of this country as it is developed by the burden of taxes which we are carrying, whether imposed by the city, the State, the county, or the Nation.

Mr. BRANDEGEE. Mr. President, the Senator will agree, I suppose, that the burden has not been increased if the valuation of the property has increased in proportion to the amount of taxes laid upon it. The size of the actual figures would be increased, but the burden would not be increased.

Mr. BORAH. No; if that is true, provided the income of the property kept pace with the assessed value; but there is the rub.

Mr. BRANDEGEE. I am inclined to think that the amount of taxes levied upon the people has increased beyond all bounds, beyond the increased value of the property on which the taxes are assessed; but if the property has increased in valuation the burden would not be increased.

Mr. STANLEY. Mr. President, that formula would be correct as applicable to real estate if the productivity of the land increased with its nominal value; but a mere rise in the price of the land without any increase in its productiveness, with a corresponding increase of taxation, would be an unalleviated burden, as I see it.

Mr. SWANSON. Mr. President, if the Senator will permit me, I had occasion not long ago to look into this matter. The

best test is what part of the aggregate annual earnings of the people each year is taken for taxation. At the time indicated by the Senator the aggregate percentage of earnings taken for taxation purposes was about 6 per cent or less. Now about 16 per cent of the aggregate earnings of the people is taken for State, local, and Federal taxes. I think that is a pretty fair test as to whether or not taxation is excessive when nearly one-sixth of the earnings of the people annually is now taken for tax purposes. Before the date indicated by the Senator about 6 per cent of the aggregate annual earnings was consumed for taxation.

Mr. BORAH. Mr. President, of course, as the Senator from Kentucky says, it is a question of the income from the property; and the test of that is disclosed by the fact that you can go into any agricultural region that I know of west of the Mississippi River and pick up any county newspaper and you will find hundreds or perhaps thousands of acres of land advertised for sale for taxes—land which is as valuable and as rich land as lies outdoors. I remember that in passing through one agricultural State I happened to buy two papers on the train, and I looked over the list of tax sales, and I found—and you will find it everywhere you go—that thousands of people are being sold out for taxes; so it must be that there is a disparity between the income from this property and the taxes, regardless of the fanciful value which they may put upon the property itself.

I take another test of this proposition, and that is the per capita increase of taxes in these States.

The per capita increase in Montana from 1914 to 1920, omitting the cents, was from \$7 to \$12 per capita. In Nebraska the increase was from \$3 to \$10; in New Hampshire, from \$4 to \$14; in New Jersey, from \$6 to \$11; in New Mexico, from \$4 to \$15; in Oregon, from \$6 to \$26; in Rhode Island, from \$6 to \$14; in South Dakota, from \$5 to \$20; in Vermont, from \$7 to \$14; in Washington, from \$8 to \$13; in Wyoming, from \$7 to \$24; in Colorado, from \$4 to \$11; in Idaho, from \$5 to \$16; in Illinois, from \$3 to \$7; in Iowa, from \$3 to \$10; in Minnesota, from \$7 to \$17. All other States, should I take the time to read the figures, would disclose a similar situation.

The Senator from Washington [Mr. POINDEXTER] observed that this had nothing to do with the matter which is now before the Senate. I think it has a vast amount to do with it in one way. The capacity of the people of the United States to respond to the taxes which are now being placed upon them, by the Federal Government down, is becoming a very serious proposition. The man who pays the tax to the city or State is the same citizen who pays to the Federal Government.

We all know that there is widespread discontent throughout the United States; that there is complaint from almost every line of business and every avocation that they are unable to meet their taxes and the interest upon their mortgages. All that has its bearing when we come to consider the question of entering upon another great naval race or an armament race, and thereby adding millions if not billions to the already crushing burden. You can only get money out of the Treasury of the United States after you have put it in, and you can only get it by taking it from these people who are already carrying this superhuman load now resting upon them, from the county up to the Federal Government. It all has its relevancy upon the question as to the economic condition of the people of the United States at this time.

I call attention to one other item, Mr. President, and that is the taxes upon railroads. I am not going to consider all the railroads, but enough to give an illustration.

We discuss considerably in these days the question of reducing freight rates; and the reduction of freight rates is an indispensable step in the recovery of our producing classes, because at the present time the freight rates are such as to take away all possible profit from that which they may produce. It will be very difficult to reduce freight rates if we continue in this country to increase taxes upon the railroads as we have for the last four years. More than one-half of all the net earnings of the railroads which I shall mention was taken during the last year to pay taxes. That comes back upon the producer, upon the shipper. It is a part of the tax which he pays, ultimately and inevitably, as much as if it were levied upon his personal property or upon his real estate. These public utilities must collect this money from but one source, and that is from those who ship; so, as a matter of fact, it is another form of tax directly upon that class of people.

In 1916 the tax upon the railroads in Idaho was \$540 per mile. In 1920 it was \$1,458 per mile.

In 1916 in Oregon it was \$530 per mile. In 1920 it was \$1,061 per mile.



In 1916 in the State of Washington it was \$772 per mile. In 1920 it was \$1,709 per mile.

The taxes per mile upon the following roads in 1921 were as follows:

Santa Fe, \$1,226 per mile.  
Chicago & Northwestern, \$1,007 per mile.  
Chicago, Milwaukee & St. Paul, \$809 per mile.  
Great Northern, \$1,016 per mile.  
Northern Pacific, \$1,354 per mile.  
Southern Pacific, \$1,779 per mile.  
Union Pacific, \$1,355 per mile.

I have also the per capita increase in some of the large cities of the United States.

The per capita tax in 1918 in Chicago was \$26; in 1920, \$32.

In New York in 1918 it was \$30; in 1920, two years afterwards, \$38.

In San Francisco in 1918 it was \$26; in 1920, \$36.

In Cincinnati in 1918 it was \$27; in 1920, \$36.

In Pittsburgh in 1918 it was \$35; in 1920, \$45.

In Philadelphia in 1918 it was \$25; in 1920, \$35.

In St. Louis in 1918 it was \$19; in 1920, \$28.

In Boston in 1918 it was \$33; in 1920, \$49.

In Minneapolis in 1918 it was \$28; in 1920, \$42.

In Los Angeles in 1918 it was \$28; in 1920, \$45.

In Seattle in 1918 it was \$31; in 1920, \$56.

In New Orleans in 1918 it was \$19; in 1920, \$36.

Without taking further time of the Senate to go into these figures, there is no place where you touch the producer, the business man, or the man who has to pay the tax, that there has not been a doubling and trebling of the taxes during the last three or four years. We know the result from the conditions which confront us in this country at the present time. We must bear in mind that the Secretary of the Treasury advised us only a few days ago not only of the conditions which prevail throughout the country with reference to the increase of taxes, but also that there has been a drying up of the tax receipts to the amount of about \$1,000,000,000.

Mr. STANLEY. Mr. President—

Mr. BORAH. I yield to the Senator.

Mr. STANLEY. At that point I respectfully suggest to the Senator—not to divert him—that I am deeply impressed with what he says with reference to the drying up of the sources of taxation.

Mr. BORAH. I did not intend to touch that sensitive nerve. [Laughter.]

Mr. STANLEY. I do not mean to intimate that it is not perfectly proper and perfectly right to dry up these sources; but it is just as well for us to face the music, and to realize that we have transferred the burden of taxation from the luxuries of the rich to the necessities of the poor, from the vices of the vicious to the virtues of the good.

For instance, the average rate of taxation in these States, I should say, would be about 40 cents on the hundred dollars, and, as a rule, farm lands are assessed at 75 per cent of their value. At a 40-cent rate and a 75 per cent valuation, it takes \$300 invested in land to pay the State \$1 in taxes. The same \$300 formerly invested in an alcoholic beverage, with a tax of \$10 on the gallon, would pay the Government just \$15,000. In other words, that business was just fifteen thousand times as able to bear the burden of taxation as the land.

It is all right, we have done it; but it is the inevitable consequence that this richest source of taxation having been, as the Senator has said, dried up entirely, the overwhelming burden must fall upon virtuous and abstemious citizens like the Senator and myself. [Laughter in the galleries.]

Mr. BORAH. The Internal Revenue Bureau reports that for the year ended last June the receipts decreased \$1,397,905,978, to be exact.

I also observed in the London Outlook a few days ago this statement:

On March 31, 1919, there were arrears of income tax—excluding the second installments, due in July—amounting to £55,000,000. In 1920 the figure had risen to £73,000,000. By 1921 it was £86,000,000. And this year it had reached the gigantic total of £110,000,000.

Of course, if we were the only nation embarrassed by heavy taxes or suffering from economic conditions such as confront us we might very well conclude that it would be only a question of time when we should escape from them. But we are surrounded by nations who are infinitely worse off. The conditions in Europe and elsewhere, other than possibly one nation in the Orient, are very much worse than are the conditions in the United States, and that helps to accentuate the economic conditions which torment our own people. I call attention very briefly to some of the conditions abroad, because later I propose to discuss that more at length.

Sir George Paish, who visited this country a few days ago, said:

The credit of Europe is practically exhausted and the credit of other borrowing nations in almost the entire world will be exhausted, and trade will collapse and there will be almost universal bankruptcy, national and individual.

Will the prime ministers of the Entente nations when they meet recognize that the policy hitherto pursued enhances the mischief that the war caused to the credit of Europe and that all the great nations of Europe are either bankrupt or on the verge of bankruptcy and several other nations in the world approaching bankruptcy?

Some months ago there was a commission appointed in England to make a particular study of economic conditions and of the increase of taxes, and later it made its report, one of exceedingly great interest. I shall not read it all, but only the concluding lines. The report states:

We see, therefore, that at present we are slithering down an inclined plane of prodigality and indebtedness that will land us, unless we act promptly and resolutely, in the ditch. We must cut down our expenditures, we must reduce taxation, otherwise there is nothing before us but a progressive series of Budget deficits, with all the prejudice to national credit and all the trade depression which accompany them.

We are advised within the last few days by the Prime Minister of England that under present conditions England can not pay her debt. We are advised also that France is unable to meet her debt. We know that Russia is unable to meet her indebtedness. In other words, all of the great powers of Europe are now either bankrupt, confessedly so, or are approaching or nearing bankruptcy.

This is the condition, inadequately and most briefly stated, which confronts us at the beginning of the year 1923; \$250,000,000,000 of indebtedness resting upon the great nations of the world; \$22,000,000,000 of it ours, with the leading nations in the world, outside of our own, announcing to the world that they are unable to meet their indebtedness. Of course, if there is no escape from adding to that burden we will undoubtedly go forward and add to it. What the consequences may be no man can know. But if there is any possible way to avoid adding to the burden which already rests upon the energy and the brain of the human family, every effort ought to be made which can be made to avoid it. It is the most vital problem with which we are confronted. Additional taxes spell disaster.

These figures which I have given, Mr. President, tell their own story. They reveal a condition of affairs the seriousness of which can not be overestimated. They disclose a tendency in our own national life the evil consequences of which, if not arrested, no one can adequately foretell. It is not the fault of this or that political party alone. It can not be remedied by partisan denunciation of the opposition. It is a broader and deeper question than that. It is a national question. It is a national problem. It is a national disease. If we can not as a people, as a nation, come to comprehend its significance, its demoralizing and destructive effect, not only upon the individual but upon our institutions, and deal with it as a great national problem, then we shall not deal with it efficiently or effectively at all. There is no enemy of orderly government at once so subtle and still so powerful as oppressive taxes. There is no adversary with which free governments have had so often to contend and none with which they have contended so unsuccessfully. In our plan the contentment of the average citizen is the foundation upon which the whole structure rests. We built a Government dependent almost entirely upon the character, the physical and moral well-being of the people. Without that the whole fabric crumbles. Without that the whole scheme fails utterly. Nevertheless, in 150 years there has been laid upon the backs of our people a burden in the way of taxes and debts such as no free people ever before undertook to carry. I look upon it as a distinct menace, a supreme tragedy. To refuse to lighten this load in every way possible is a reckless trifling with the orderly well-being of society. To unnecessarily increase it is a betrayal of representative government. The crisis is here. The painful question, the accusing interrogatory, is: Are the men here equal to the task which fate and circumstances have imposed upon them?

I know it will be said that notwithstanding our debt is very large, our expenses enormous, our taxes most onerous, still we are a strong people—comparatively speaking, a young people—and the load may be made even heavier without signal disaster. Possibly so. The people may toil on like beasts of burden, and again they may not. Anything in which there is life may strive and eat and sleep and strive again. But just anything can not be a responsible citizen in a republic. We dare not leave out of consideration the fact that our system of government calls for men and women, not merely so many foot-pounds of human energy; for homes, not hovels. Intelligence, character, confidence, outlook, faith in the Government,



and faith in the future are just as essential to the citizenship upon which our Government rests as muscle and brawn. Contentment in the home, education for the child, are to free institutions what armies and navies are to despotic powers. A fiscal policy which destroys these is an abandonment of government itself. And yet we know the first baneful result of oppressive taxes is to turn the child out of school and plant discontent and distress in the home. The struggle in life may go on, but education can obtain only where there is to a certain extent at least economic ease. There is much excitement in certain quarters of late over the activity of those who would teach our children to hate war. But if I had to choose security for my country between a discontented, tax-ridden people and a large standing army upon the one hand and a nation of happy homes and prosperous people and no army, not a soldier, not a gun, I would choose the latter. In the former instance there may come a time when the soldier will fraternize with the discontented citizen and your security crumbles in a single hour. In the latter instance, the citizen is a soldier every hour of his life when his country is assailed. The people best prepared to meet the demands of the future, whether of war or peace, are the people economically sound and strong. Modern warfare is not a test of armies or navies, but a test of peoples.

It seems to be the view of many that since we have not yet experienced, as a people, "The pestilence that walketh in darkness nor the destruction that wasteth at noonday," therefore, we need have no fear—that we need not take even the precaution of the mariner of old to study the signs of the sky as the clouds begin to gather. But is that the line of security in modern representative government? Is it the part of wisdom to await actual outbreaks? Will nothing move us but misery and want? In these days when men mingle their thought with their labor and in a world rich with natural wealth, throbbing with God's own blessings, men and women demand, and have a right to demand, of their Government, of organized society, something more than the mere right to live and serve, something more than sheer existence. They demand, and have a right to demand, the privilege to share the world's comforts and blessings as well as its burdens and responsibilities. One has studied to little purpose the lessons of this war, the teachings which have come out of this seismic change, who does not realize that the people see more clearly their rights and also their opportunities; that they feel far more released from parties and leaders and creeds than ever before. They will not consent that waste and incompetency, extravagance and inefficiency shall stand between them and their rightful portion of the world's wealth and the world's blessings. The beauty of this blessed old Republic of ours is that it is not necessary for the citizen to go into the street or appeal to force in order to get relief. He can effectuate his purposes through the ballot box and the commanding power of public opinion, and effectuate his purposes at will, as every political sign of the zodiac now unmistakably indicates.

The American people ask, indeed, in my opinion, the people of the world ask, in their great struggle to regain their own, to get from under the ruins of a world cataclysm, that governments shall appreciate the crushing load under which they are bending and make known that appreciation by withholding additional burdens. Bless their energy with hope, baptize their efforts with promises of reward, and they will rebuild upon the ruins of war even a nobler civilization, for into its woof and warp they will weave the experiences so dearly bought. There is nothing finer in all the history of our country than the spirit, the courage, the willingness to sacrifice, with which business men, farmers, laborers, and all classes have carried the load placed upon them for the last 10 years. They have worked and schemed and carried on, bought Liberty bonds, and given millions for charity and paid taxes. They have met the task with fortitude and rare courage and until lately with marvelously little complaint. But four years have passed since the war. The load increases and the hour has come when relief must be had. The country must, for the whole country's sake, experience a change. There is such a thing as moral breakdown as well as physical exhaustion.

Later in the debate I shall seek to show that this whole economic condition is associated directly or indirectly with the reparation clauses of the Versailles treaty; that until that problem is adjusted upon a basis of reason and sound economic principles they can not get better and may become very much worse. My remarks to-day are preliminary to the discussion of the question of whether we can be of service in making that adjustment.

Mr. POINDEXTER. Mr. President, I think it would be impossible even for the Senator from Idaho [Mr. BORAH], with

all of his eloquence and power, to emphasize too greatly or to inveigh too vehemently against the growing tendency of public debt. But I believe it would be a great mistake to allow the statement which the Senator has just made, in which he has called the attention of the country to the burden of taxation, to go in such way as to create the impression that the part of taxation to which he has referred and which he has put in the Record has been caused by the maintenance of national defense or that in any respect whatever even the entire abandonment of the Navy and the wiping out of existence of the Army would reduce the rates in the various States, the table of which the Senator has just given to the Senate.

The Senator started his remarks by calling attention to the report of the House committee upon the bill. He followed that by an indorsement of what the committee said as to the continuation of competitive armament and competitive naval construction between the naval powers of the world. The Senator did not call attention to the fact, but no doubt he had it in mind, that the bill as it came from the House not only was accompanied by a report calling attention to this condition, but that the House undertook to meet the evils which were pointed out in the report and which have been emphasized by the Senator's speech by incorporating in the bill this language:

The President is requested to enter into negotiations with the Governments of Great Britain, France, Italy, and Japan with the view of reaching an understanding or agreement relative to limiting the construction of all types and sizes of subsurface and surface craft of 10,000 tons standard displacement or less, and of aircraft.

So that the very issue which the Senator suggests here has been foreseen by the House of Representatives. It has been approved by the Senate Committee on Appropriations for naval affairs, and if the Senate passes the bill which is now pending it will be in strict accordance with the argument which the Senator from Idaho has just now made.

But, Mr. President, I happen to have at hand some figures indicating quite clearly and, in fact, startlingly the enormous burden of taxation imposed upon the people for local, municipal, and State purposes in the various States, which was a very large part of the substance of the matter to which the Senator from Idaho referred; and it would not be affected in any way whatever, even though such a conference as proposed in the bill should be called and even if it should result in a further limitation of armament along those lines that were not covered by the agreement which was reached in the conference recently held in this city between the great naval powers of the world. In a statement prepared by Captain Overstreet it was said:

Where does the taxpayers' money go? It goes largely to meet city, county, and State budgets, which are constantly increasing at an alarming rate. In New York City the city budget in 1901 was little over \$99,000,000; in 1911 it was \$174,000,000; while in 1921 it had grown to nearly \$346,000,000.

I turn to another portion of his statement and call attention to the fact that in 1922 it had increased to \$345,530,000. Proceeding to read from the former paragraph:

The budget of 1901 would not pay the interest on the city debt of 1921, as the debt is over a billion dollars.

In the agricultural States of the West it is surprising to find even higher rates of taxation to meet State and county budgets, with high rates to meet city budgets. The taxpayers of Lincoln, Nebr., a city of only 55,000 people, have to meet a city budget of over \$1,000,000; have to meet their quota of a county budget of \$534,000; and their quota of a State budget of \$30,000,000. Their quota to build battleships (on a population basis) is but \$34,000, but on a Federal income tax basis it would be much less.

That calculation was based upon a naval appropriation bill of \$400,000,000, more than \$100,000,000 in excess of the amount covered by the pending measure. I continue reading:

The agricultural county of York, Nebr.—population 17,146—must raise over \$172,000 to meet the State budget, nearly \$520,000 to meet township and county budgets. The people of the county seat, York—population 5,388—must raise annually nearly \$190,000 to meet city, township, county, and State budgets. The farmer should realize that the tax he pays on his land, buildings, live stock, and crops goes to meet the ever-growing expenses of his township, county, and State, and that not one penny of these taxes goes to build battleships or to the support of the Federal Government.

Mr. President, that merely illustrates the condition in all the States, the burden to which the taxpayers are subjected and the purposes for which these taxes are collected.

The greatest menace to the world to-day, in my opinion, both as to imposing the necessity for the burden of taxes and as a menace to the peace of the various peoples of the world, is the ultrareactionary bolshevistic government of Russia. It was established under a plea of universal peace, and yet to-day it is maintaining a highly drilled and constantly exercised army of 1,500,000 men. The purposes of that government, while calling itself progressive in a term that is so loosely used in these times, are as a matter of fact ultrareactionary. It proposes not only to go back to previous decades and to previous



centuries but to go back scores of centuries and to establish again in the world a condition of primeval communism.

The next great menace in the world is the reactionary influence of the military party of Germany. It proposes to go back not necessarily to a state of communism but it does propose to go back as far as the feudalism of the Middle Ages and to establish on the ruin of modern democracy an autocracy to which the whole world will be subjected if it can organize the power to bring it under its will.

I do not know what can be accomplished by calling a conference of nations to consider these matters. There was a time not many years ago when if the prudent statesmen of the world had looked a few years into the future they could have seen an opportunity to use the power of the armed democracies of the world—France, Great Britain, and the United States, having equipped and in a thorough state of training millions of veterans who had just come through the Great War, to exterminate both of those great menaces from which the world is now suffering, necessitating national defense, imposing the necessity of taxation, disturbing the psychology of the people, keeping them in a constant dread and terror that at any day there may be launched upon the world another great horror as that which such a short time ago plunged it into unspeakable distress.

If these armies had marched into Berlin and collected the reparations there and ended the war, we would have been saved the necessity of these constant series of conferences which each winds up in a wider disagreement and a more unsettled condition than existed before the conference was called.

If when the Bolsheviks of Russia broke down the army of the eastern front and under the pay of Germany betrayed the Allies, the Allies had sent even a few divisions of the veterans of that war to sustain the great leaders of constitutional democracy in Russia and to reestablish the lines which were standing for the principles for which the Allies were fighting, that menace would have been exterminated, and the conditions to which the Senator from Idaho refers with so much eloquence would not confront and vex and trouble the world to-day.

I do not know, Mr. President, what would come in case the President should consider and should act upon the suggestion which is contained in the bill and call another conference of the naval powers to consider the question which the Senator from Idaho has discussed. I know that it is but a short time since such a conference was called. There was general acclaim and general approval of the representatives appointed by the President to represent the people of the United States in that conference. There was no criticism as to their patriotism and none as to their ability and their statesmanship.

At the time at least it was considered that the results of the conference were a substantial gain in the interest of economy and of the peace of the world. It can not be said that the questions which the Senator from Idaho has discussed were not submitted to that conference, for they were considered and discussed, and out of it all came the best that could be obtained, in view of the practical difficulties, the conflicting views and the conditions of the various countries whose representatives were assembled around the table here in Washington.

It was stated on the floor of the other House by a Member of that body while this bill was under discussion there that the President was already taking steps to endeavor to bring together another meeting of the nations for the purpose of a further limitation of naval armament. I do not know upon what authority that statement was based, but I read it in the CONGRESSIONAL RECORD. It may be so, because I know that it would be in accordance with the wishes and with the policies as manifested by the previous actions of the administration. It may be that some good would come from it; possibly no harm would result; although harm has resulted, in my opinion, from the continued agitation, the continued series of conferences, the continued discussions, and the continued controversies between the nations of Europe over the question of German reparations and the reestablishment in Europe of normal conditions, economically and otherwise.

What would be the effect upon the question of peace if we should reach an agreement more comprehensive than the one which was formulated in the recent treaty providing for the limitation of naval armament, which was confined to capital ships and to aircraft carriers and to other types of ships of a tonnage greater than 10,000 tons? It was thought by the naval experts and the foreign relations offices of the various Governments, whose representatives were assembled there, that the agreement which was made between the powers participat-

ing in the conference for the limitation of the construction of battleships, which they agreed upon as the standard unit of naval power, would tend to bring about an end of competitive naval construction.

It was hopefully and confidently announced by many at that time that the result of the conference meant perpetual peace, although, of course, it was realized by practical men that that was largely a visionary dream.

Mr. KING. Mr. President, will the Senator from Washington yield to me?

Mr. POINDEXTER. I will yield the floor in just a moment. I was merely going to add that the experience of a few brief months since that conference ended has been that it was a very easy matter for those nations to find other lines of competition rather than in the line of the construction of battleships. The information which now comes to us is that they are engaged in a modernization of their old ships; increasing the range of their guns, adding subsurface armor protection, increasing the thickness of the decks of their vessels, making them more formidable engines of war within the terms of the treaty; that they are building fast cruisers; that they are engaged in the construction of submarines of a larger type; and that the same menace which grows out of the competition of nations in the construction of navies exists as it did before. From that experience it is not very hard to realize that even if we should altogether put a stop to the construction of naval vessels it would be a very easy matter, if the nations desired to do so, to continue a rivalry of sea power by putting guns upon merchant ships. The nation which possessed the largest fleet of merchant vessels and the ability to arm them, other nations having disarmed in accordance with such proposed agreement, would be just as completely the mistress of the seas as though she had constructed 100 battleships of modern type.

So it seems to me, Mr. President, that in order to arrive at the desired result of peace among the nations it is necessary to develop the will for peace; that it is necessary that there should be the desire for peace in the hearts of peoples and the hearts of governments. Peace can not be obtained by a pacifist policy, merely by disarmament, in the face of world contentions which arouse the passions of peoples and make for conditions out of which war will inevitably ensue, and in it such weapons and agencies as are available will be used.

Mr. President, we have reported this provision, and I am very glad indeed to see that the Senator from Idaho [Mr. BORAH] is in favor of it. There is no issue involved in what he has said in so far as this bill is concerned.

Mr. POINDEXTER subsequently said: I ask unanimous consent to incorporate at the conclusion of my remarks on the subject of taxes the article from which I quoted.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### FEDERAL TAXES COMPARED WITH STATE, COUNTY, AND MUNICIPAL TAXES.

[From extension of remarks of Hon. MELVIN O. McLAUGHLIN, of Nebraska, in the House of Representatives, Tuesday, February 21, 1922.]

Mr. McLAUGHLIN of Nebraska. Mr. Speaker, under the leave granted to me to extend my remarks I will print the following letter from Capt. L. M. Overstreet, United States Navy, showing the amount of Federal taxes compared with State, county, and municipal taxes.

The letter is as follows:

WASHINGTON, D. C., February 11, 1922.

MY DEAR MR. McLAUGHLIN: There seems to be a general feeling that a holiday in battleship building will greatly reduce taxes. A little study of the budgets and taxes shows the fallacy of this idea. In our county of York, Nebr., the tax is nearly \$40 per capita to meet township, county, and State budgets. The per capita tax for the whole United States for building battleships this year is 64 cents, but Nebraskans contribute about half this amount due to their small Federal income tax, as will be shown later.

According to the World Almanac, 1922, the city of New York has a population of 5,620,000, with a city budget of \$345,530,000 (including county budgets and \$22,041,000 which goes to the State); the State of New York, a population of 10,385,000, with a State budget of \$145,798,000; and the United States, a population of 106,000,000, with a national Budget of practically \$4,000,000,000. Of this national Budget of \$4,000,000,000, about 10 per cent, or \$400,000,000, is allotted to the entire Navy, and but 1.7 per cent of the national Budget, or \$68,000,000, to continue the construction of battleships and battle cruisers during this present fiscal year.

If we prorate, according to population, the money to be raised in New York City to help support the government of New York State and of the United States, we find that the people of New York City must raise annually \$313,460,000 to support their own city, \$10,029,000 to support the five counties in New York City, \$78,000,000 to help support the State government, and \$212,000,000 to help support the United States Government, or a total of \$613,489,000. This means that for every dollar the New York City taxpayer contributes to build battleships and battle cruisers (year ending June 30, 1922) he pays \$78 to meet city expenses; \$3 to meet county expenses; \$22 to meet New York State expenses; and \$58 to meet the expenses of the United States Government (building battleships omitted). A holiday in building battleships would reduce expenses in New York City from \$100 to \$99.58, or a reduction of about six-tenths of 1 per cent.



In the following table a comparison is made between the total annual expenses of New York City and the portions spent on the whole Navy and on building battleships:

Total expenses	\$613, 489, 000
Spent on the whole Navy	21, 200, 000
Spent building battleships	3, 604, 000

In Chicago the annual amounts to be raised are as follows: \$132,000,000 for the city (additional funds are raised for parks and for the sanitary district); \$10,800,000 for Cook County; \$25,300,000 for the State of Illinois; and \$100,000,000 for the United States Government, or a total of \$268,100,000. Of this amount about \$10,000,000 would go to the whole Navy and \$1,700,000 to continue building battleships. The following table illustrates the annual expenses of Chicago graphically:

Total expenses	\$268, 100, 000
On whole Navy	10, 000, 000
On building battleships	1, 700, 000

In San Francisco the city must raise annually \$24,467,000 to meet city and county expenses; \$6,033,000 for the State expenses of California; and \$19,170,000 for the United States Government, or a total of \$49,670,000. Of this, \$1,917,000 would go to the whole Navy and \$326,000 to continue construction of battleships. The following table shows these figures:

Total expenses	\$49, 670, 000
On whole Navy	1, 917, 000
On building battleships	326, 000

From these tables it will be seen that the reduction in city expenses due to a holiday in battleship building will hardly be noticeable. This is a popular saying: "The taxpayer is groaning under a crushing load of taxes for battleship building." The above figures do not support such a statement.

Many papers have stated that we will save hundreds of millions annually by stopping battleship construction. How can this be when we are only spending \$68,000,000 this year to build battleships? Now, when we break our contracts with the shipbuilders and scrap these ships it will take much of this sixty-eight million to settle legitimate damage claims. The remainder will be needed for the five plane carriers which we are to build in accordance with the terms of the treaty.

#### WHAT ABOUT THE FARMERS?

Some may say, "Why, these charts illustrate what the city taxpayers save by the holiday in building battleships, but what about the farmers?" It will be shown later that battleships are built from money obtained from the Federal "ordinary receipts." The farmer contributes to these Federal "ordinary receipts" a slight amount through the customs (duty on imported articles he might purchase), a slight amount through internal revenue, and, thirdly, directly through his personal Federal income tax. It is assumed that the farmer does not pay a corporation income tax. After taking out his exemptions for himself, wife, and children, few farmers pay much Federal income tax.

In fact, the Treasury Department publication, Statistics of Income, 1919, Income Tax Returns, shows that over half (or 56 per cent) of the personal income taxes for the whole United States come from four States—that is, 31 per cent from New York, 10 per cent from Pennsylvania, 8 per cent from Illinois, and 7 per cent from Massachusetts. If we add Ohio, 4.5 per cent; Michigan, 4.4 per cent; New Jersey, 3.7 per cent; California, 3.9 per cent; and Texas, 2.5 per cent, we can show that over 75 per cent of the personal Federal income taxes for the whole United States, including Hawaii, Alaska, and the District of Columbia, come from nine States. Very little personal Federal income tax comes from the agricultural States. The great grain and cattle States of Nebraska, Iowa, Kansas, Minnesota, and the cotton and tobacco States of Virginia, Georgia, Alabama, and Louisiana altogether pay but 6.7 per cent of the Federal income taxes, or less than the one State of Massachusetts.

In our agricultural State of Nebraska there were but 87,344 personal Federal income-tax returns from a population of over 1,296,000 in 1919. The taxpayers who make personal Federal income-tax returns in the whole United States pay an average tax on these returns of over \$238, while those making returns in Nebraska pay an average of less than \$99 per return. While New York State has but nine times the inhabitants of Nebraska, New York State pays over fifty times the amount of personal Federal income tax and nearly sixty times the amount of Federal corporation income tax. Taxes to support the Federal Government come largely from the Eastern States and from large manufacturing districts.

#### WHERE DO NATIONAL FUNDS COME FROM?

Where does the money come from which is used to meet the National Budget? The Treasury Department, Division of Bookkeeping, Form 778, shows that for the fiscal year ending June 30, 1921, the "ordinary receipts" amounted to nearly \$5,573,000,000. This is the money which is used to meet congressional appropriations. Of this amount \$308,000,000 came from the customs, \$1,500,000 from the sale of public lands, \$683,000,000 from miscellaneous items—coinage profits, Pacific railways, tax on national bank circulation, fees, fines, penalties, etc.—\$1,352,000,000 from internal revenue, and \$3,228,000,000 from income taxes—of which about two-fifths comes from personal income taxes and the other three-fifths from corporation income taxes. The money from these personal Federal income taxes, therefore, meets about one-quarter of the National Budget. As 1.7 per cent of the National Budget goes to build battleships, this means that one-quarter of 1.7 per cent of a taxpayer's personal Federal income tax, or 40 cents out of every \$100, will go to build battleships during the year ending June 30, 1922, at a time when we have six battle cruisers and nine battleships under construction, a number considerably above the average. The cessation of battleship building will, therefore, reduce the taxpayer's personal Federal income taxes from \$100 to \$99.60, but the taxes on his property to meet city, county, and State budgets will remain the same. From every dollar the taxpayer pays as a personal Federal income tax one-fifth of 1 cent goes to continue the construction of battleships.

#### WHERE DO TAXES GO?

Where does the taxpayer's money go? It goes largely to meet city, county, and State budgets, which are constantly increasing at an alarming rate. In New York City the city budget in 1901 was little over \$99,000,000; in 1911 it was \$174,000,000; while in 1921 it had grown to nearly \$346,000,000. The budget of 1901 would not pay the interest on the city debt of 1921, as the debt is over a billion dollars.

In the agricultural States of the West it is surprising to find even higher rates of taxation to meet State and county budgets, with high rates to meet city budgets. The taxpayers of Lincoln, Nebr., a city of

only 55,000 people, have to meet a city budget of over \$1,000,000; have to meet their quota of a county budget of \$534,000; and their quota of a State budget of \$30,000,000. Their quota to build battleships (on a population basis) is but \$34,000, but on a Federal income tax basis it would be much less.

The agricultural county of York, Nebr.—population 17,146—must raise over \$172,000 to meet the State budget, nearly \$520,000 to meet township and county budgets. The people of the county seat, York—population 5,388—must raise annually nearly \$190,000 to meet city, township, county, and State budgets. The farmer should realize that the tax he pays on his land, buildings, live stock, and crops go to meet the ever-growing expenses of his township, county, and State, and that not one penny of these taxes goes to build battleships or to the support of the Federal Government.

The following 18 cities have budgets of over \$10,000,000 each, given to the nearest million:

	Millions of dollars.
1. New York City	346
2. Chicago	133
3. Philadelphia	59
4. Baltimore	57
5. Boston	44
6. Milwaukee	28
7. San Francisco	24
8. Buffalo	24
9. Newark	22
10. St. Louis	21
11. Pittsburgh	19
12. Seattle	19
13. Jersey City	14
14. Cleveland	14
15. Minneapolis	13
16. Los Angeles	13
17. Rochester	11
18. Providence	10

The following 23 States have budgets of over \$10,000,000 each, given to the nearest million:

	Millions of dollars.
1. New York	146
2. Pennsylvania	117
3. Illinois	60
4. Washington	59
5. Ohio	56
6. California	41
7. Massachusetts	40
8. New Jersey	32
9. Nebraska	30
10. Connecticut	26
11. Wisconsin	25
12. Texas	23
13. Oregon	23
14. Michigan	17
15. Virginia	16
16. Minnesota	16
17. Missouri	15
18. Maryland	14
19. North Carolina	13
20. Mississippi	12
21. Iowa	10
22. Louisiana	10
23. Oklahoma	10

No data is available to show how many counties have budgets in excess of \$10,000,000, but the five counties of New York City have a combined budget of over this amount, while Cook County, Ill., has a budget of over \$12,000,000.

The writer believes that the money appropriated for the Navy is well invested, that the taxpayer contributes but a small part of his taxes to the Navy, and that this amount could not be materially reduced. Further, it seems certain that millions of dollars could easily be saved by cutting city, township, county, and State expenses. This is where the cuts should be made to relieve the taxpayers of this so-called "crushing load of taxation."

Sincerely yours,

L. M. OVERSTREET,  
Captain, United States Navy.

HON. MELVIN McLAUGHLIN, M. C.,  
House of Representatives, Washington, D. C.

Mr. BORAH. Mr. President, I did not intend anything that I said to be construed as a criticism of the committee. I was speaking in favor of the provision reported by the committee, in so far as that provision goes. It may go far enough; I do not know. That is a matter that may be determined later; but I do know that there is opposition here in the Senate to the provision. While I presume the committee, as a committee, favors it, there are other Members of this body who are not in favor of it.

I agree perfectly, Mr. President, with the able Senator from Washington in the basic proposition that world peace can only result from the desire of the people to have peace, to will peace; but I know that a race in armaments absolutely prevents the accomplishment of anything in the way of education for peace. For instance, how can we educate the people of the United States to peace or educate the people of the world to peace when the representative of France visits our country and preaches to 110,000,000 people that we are on the verge of another war; that war is inevitable; that enemies are contriving and planning now to overcome the great so-called peace-loving nations of the world? He recounts how arms are being manufactured in a secret and clandestine way, thereby inciting fear, distrust, passion, hate. How can we have peace, Mr. President, or educate the people to peace when every rep-



representative of the Navy who has spoken to the public for months has insisted that the situation is so serious and so dangerous that we must at once prepare for war; when the generals of the Army are discussing the question from every rostrum? I assume, of course, that those gentlemen, well informed as they are, have in their minds some conditions which justify their statements and that they are speaking from a patriotic standpoint; but, Mr. President, the way to accomplish something in the direction of peace is to strive to bring the nations together upon the question of the limitation of armament. Armaments have always begotten war.

The great World War came on as the result of competition in armaments more than from any other cause. The Triple Alliance was formed; then followed the Triple Entente; and then followed the building of battleships. Every time the Triple Alliance would construct a battleship or enter upon an extra building program the Triple Entente would do likewise, or vice versa; and every time the army of the Triple Entente was increased the Triple Alliance would increase its army.

All we have to do is to go back and read the history of Europe from the Moroccan affair down to 1914 and place it over what is happening now throughout the world, and we have a complete duplication, as it were, of the transactions, the events, and the discussions which led to the World War. In other words, we are told that as Japan is now building a large navy we must build more ships in order to match it; we are told by the visitor from France that conditions in Europe are such that war must inevitably follow; we are advised by the representatives of France that their situation is such that they will not ratify, for the present at least, the disarmament treaty. We can not lead people to will peace under such conditions as that.

I do not disagree at all with the able Senator from Washington if the provision to which he refers goes far enough, but I want it understood that I am an utter disbeliever in the proposition that peace can be obtained by building armaments; I am an utter disbeliever in the proposition that peace can be achieved by increasing the armies and the navies of the world. Such a course inevitably leads to war; it has done so for 3,000 years, and it will do so for 3,000 years more.

Mr. STANLEY. Mr. President, may I ask the Senator from Idaho how much it is probable we may save by the proposed reduction, say, for the next fiscal year?

Mr. BORAH. How much we could save in what way?

Mr. STANLEY. In expenditures for armament in this country. How much does the Senator propose to cut the Navy? How much are we going to save in dollars and cents to the Government by the proposed reduction? Has the Senator any definite idea on that point?

Mr. BORAH. I am advocating a conference for the purpose of bringing about an understanding between the different nations as to the limitation of their building programs.

Mr. STANLEY. We must have some sort of a navy.

If the Senator from Idaho were chairman of a subcommittee engaged in making a reduction in our naval armament, how much does he think we could, with the consent of the rest of the world, safely cut the naval force of the United States, at the same time leaving us an adequate sea power?

Mr. BORAH. I have not reduced the matter to figures; I do not know; but what I am particularly interested in, if the Senator please, is not so much the mere matter of dollars and cents and the saving which may be involved for a year or so, but I want to avoid competition in war preparations and arousing the antipathy which naturally follows as a result of such competition.

Mr. STANLEY. With that laudable purpose I am in hearty accord, and I approve of what the Senator says in that respect. I have not asked the question in a controversial spirit, but the Senator has called the attention of the country to the fact that armaments and the improvement of weapons of destruction are provocative of war, as I understand him, and that a reduction of navies to the point where each nation would feel its inability to contend upon the seas, in other words, would feel its unpreparedness, would be a deterrent to war. In that I heartily agree. The Senator, however, has, as only he can, perhaps, vividly and emphatically called the attention of the country to another reason and that is the great burden of taxation due to the expenditures of the Government for naval armament and for other purposes, and he proposes, among other reasons, for this reduction that it will in a measure alleviate that burden, as I understand.

Mr. BORAH. I hope so.

Mr. STANLEY. It is bound to, if you reduce it. To that I wish to call the attention of the Senate; and I had hoped that I might get from the Senator some statement of the amount of the saving, if he has any definite idea as to just how much it

would save the country, how much he thought it was in the realm of probability that we might reduce our naval expenditures if this conference were as successful as the Senator hopes.

Mr. BORAH. Of course, that would involve the question of what the conference would finally accomplish; but if it did not save a dollar—

Mr. STANLEY. It would still be a good thing; I agree with the Senator.

Mr. BORAH. If it did not save a dollar as to the present amount, but did prevent the increase from year to year that will inevitably follow, it would be a tremendous benefit. The Senator knows, of course, that if this naval race begins, as the House indicates, we will not have a bill carrying \$300,000,000 here next year; we will have a bill carrying four hundred or five hundred million dollars, and it will continue from year to year.

Mr. STANLEY. I entirely agree with the Senator.

Mr. BORAH. Remember that in 1916, the year the building program of the large Navy began, we spent \$170,000,000. Now, four years after the war, we are spending \$300,000,000 plus, and so on.

Mr. STANLEY. Three hundred and twenty-five million dollars.

Mr. BORAH. And so, if we discontinue or are unsuccessful in our efforts to get an understanding, the increase from \$170,000,000 in 1916 to \$300,000,000 in 1923 will be very small compared with what it will be in the next 10 years. That is what I have in mind more than what we shall cut this particular bill, although I think we might possibly accomplish something along that line.

Mr. STANLEY. Mr. President, as a sedative to the high-strung nerves, the inflamed animosities, the almost neurotic war spirit which displays itself in the Old World, the suggestion of the Senator from Idaho is entirely opportune, and, I trust, may receive the favorable consideration of this body and a sympathetic and earnest response from the civilized world.

The Senator, however, has called our attention to another matter—the matter of the burden of taxation; to the fact that we are burning our candle at both ends; that, on the one hand, while we are drying up the source of taxation we are inordinately increasing its amount and its burden.

The Senator from Idaho may see his brightest hopes realized, may see the armaments of the world scrapped, and a few revenue cutters preserving the peace of the world upon the high seas for a new era and a new civilization; and still he will not have appreciably lightened the burden of taxation upon the shoulders of the American people. As well attempt to bail the sea with a tin cup as to cure this disease by the saving of three hundred millions to the American people. You must go further and deeper, and you must secure a more widespread and a more drastic reform.

Why, Mr. President, a short time ago I had the most careful and detailed calculations made of the expense incident to the operation of this Government without regard to war, eliminating pensions, eliminating interest upon the national debt, eliminating all appropriations for fortifications, for armies and for armaments, and for everything directly or indirectly connected with wars, past, present, or future. In the year ending in 1916 we spent a little over \$232,000,000 for post offices, public improvements—rivers and harbors and buildings—and for the various courts and commissions. For the fiscal year ending June 30, 1922, for the same purposes, with the additional commissions and courts and multitudinous officers, we spent over \$1,115,000,000. Outside of war, we have increased the cost of government nearly 500 per cent in five years.

Mr. BORAH. Mr. President, I perfectly agree with the Senator that this is only one step.

Mr. STANLEY. I understand.

Mr. BORAH. But this is the one which is now before us. I know that the increase of governmental expenditures has been exorbitant all along the line; but I call the Senator's attention to the fact that, notwithstanding these other increases, at the present time our war burden is \$2,650,000,000.

Mr. STANLEY. I quite agree, and I am not saying this with a purpose of indirectly obstructing the Senator's present proposal; but I hope to secure the cooperation of the able Senator from Idaho in still further and still deeper cuts, in a still wider and a more thorough reform. We must go further, because this burden must be lifted. As the Senator has well said, to-day agriculture staggers; to-day, not knowing why nor how, there is a profound discontent, the fecund mother of violence and revolution, over a great portion of this country. The reason why it is a mere blind discontent, the reason why now it is a cry of anguish and of despair, rather than of wrath, is because they who suffer know not why they suffer. If they who



are on the verge of ruin and bankruptcy knew the extent to which this is due to bungling public officials, ill-considered legislation, wanton and reckless extravagance, expenditures for things for which this Government never should have spent a dollar at all; if they realized not only that they have paid the taxes the Senator has mentioned, but if they knew that through their freight rates, through their cost of living, if they knew that whenever they entered a hotel or place of public amusement, in the purchase of food and clothing, and the implements of toll—everywhere, as wide and general "as the casing air," they are literally enveloped by an inquisitorial, vexatious, and incompetent Government plundering them in a thousand ways, sucking like a vampire their sweat and toll; if they knew all this I would tremble for the safety of this Republic. An increase from \$232,000,000 to \$1,115,000,000 in five years for the same service! You could a few years ago milk a cow without a Federal inspector at your heels.

One hundred and three years ago, in his second inaugural address to Congress, Thomas Jefferson said:

At home, fellow citizens, you best know whether we have done well or ill. The suppression of unnecessary offices, of useless establishments and expenses, enabled us to discontinue our internal taxes. These, covering our land with officers and opening our doors to their intrusions, had already begun that process of domiciliary vexation which once entered is scarcely to be restrained from reaching successively every article of property and produce. \* \* \* It may be the pleasure and the pride of an American to ask, What farmer, what mechanic, what laborer ever sees a taxgatherer of the United States?

Think of it! What would be the relief to-day of the Washington farmer who is pouring his apples into the Columbia River; what would be the relief to-day of the potato growers in the West who are seeing their crops freeze because it costs more to dig it than it will bring, if they could say, with their mortgaged farms and their inordinate taxation, that the day is at hand when no man will see a taxgatherer of the United States!

Why, it was only a few years ago that I heard that great Senator from Ohio, with whom I did not agree politically, Senator Foraker, in 1906, upon the floor of this body bemoaning the fact that 10 years previously we had 167 marshals and deputy marshals, delators, and sleuths in the United States, and that in his degenerate day the number of spies and inspectors had increased to 3,000—3,000 busy gentlemen qualified to regulate every detail of the business of the people of the United States—3,000! Governor Haskell the other day, speaking at the McAlpin Hotel, said there were an army of 42,000 now. There were not half a dozen times in the Civil War when either side commanded an army as numerous or as active as the marshals, deputy marshals, and special agents who infest our highways and byways, our business houses, and homes, peering into every nook and corner, and supervising every detail of the industrial and private life of citizens of the United States. Now, you can not operate an inquisitorial, omnipotent Government, reaching every detail of the private lives and domestic activities of the people, without paying for it.

Mr. REED of Missouri. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Kentucky yield to the Senator from Missouri?

Mr. STANLEY. I do, with pleasure.

Mr. REED of Missouri. I want to ask the Senator if he has had an estimate made of the cost of this army of 42,000 spies, and so forth, and compared it with the total cost of the American Army? I am just wondering if it does not amount to more than the whole cost of the Army.

Mr. STANLEY. Mr. President, the cost within the last five years of unnecessary commissions and regulatory concerns, commissions to control and regulate railroads, to regulate every butcher shop and every slaughterhouse, to regulate the production of fuel and its sale, to regulate the practice of medicine, to supervise the birth of babes and the burial of the dead—everything which the heart can desire or fancy can conceive, from the setting of a hen to the running of a railway—all this has actually cost the difference between \$232,000,000 in 1916, and we had too much of it then, and \$1,115,000,000 in 1922. The cost of the Government's doing things which it has no business to do, employing people who ought to be paying taxes instead of eating taxes, regulating matters which should be left to the States or the citizens thereof, is now more than the cost of operating this Government, everything included—Army and Navy, post offices, post roads, and everything else—from the inauguration of George Washington to the Civil War.

You can not conceive its enormity. Does the Senator from Idaho realize that it has been conservatively estimated by Mr. Ulm, in the Independent, that there are only about 30,

000,000 people in the United States to-day who are producing wealth, actually producing it?

With his intimate acquaintance with Adam Smith, the Senator will concur with me that it is only those who are engaged in productive enterprise upon whom the whole structure rests so far as the production and distribution of wealth is concerned. In its production and in its distribution there are 30,000,000 people at work to-day in the United States, and there are 15,000,000 pensioners upon public bounty. Every two laborers carry a tax eater on their backs.

Mr. WATSON. Does the Senator say there are 15,000,000 holding Government jobs?

Mr. STANLEY. The Independent estimates that there are 15,000,000 who are pensioners upon public bounty in one form or another. I will have the whole article incorporated in the RECORD.

Mr. WATSON. I would like to see that. It is a very astonishing statement. I never heard any such statement as that before. I thought, as far as the Government itself was concerned, there were 3,000,000.

Mr. STANLEY. That is the Federal Government. Mr. Ulm estimates the number of pensioners, State and Federal officers, and so forth, at 15,000,000 people. It is a startling statement. It may well cause the Senator to ponder.

Mr. WATSON. My understanding of the statement was that there are 3,000,000 men holding Government positions—

Mr. STANLEY. Fifteen million.

Mr. WATSON. And that they each averaged five in the family, making a total of 15,000,000. I did not understand the Senator to say that 15,000,000 are on the Government pay roll.

Mr. STANLEY. I did not make the statement that they are on the Federal pay roll.

Mr. WATSON. On all pay rolls.

Mr. STANLEY. On some sort of pay roll or receiving some sort of pension. I give my authority. I think it is a conservative estimate, and I will take pleasure in incorporating it in the RECORD. He estimates that 10 per cent of the entire resources of the country are consumed in one form of taxation or another.

Says Aaron Hardy Ulm, in the Dearborn Independent of December 17, 1921:

Do you know that the operations of government in these United States now provide income approximating the support of 15,000,000 persons, or about one out of every seven individuals in the country? Do you know, furthermore, that 10 per cent of the national earnings now go for governmental operations having to do alone with the protecting of man against man?

What amounts to the "support" of around 15,000,000 individuals passes in the form of taxes from the public as a whole to a minority of the people in these United States. Only about one-third of the population is made up of what by strict interpretation can be called producers. Not many more than 30,000,000 persons are actually engaged in producing and distributing food, clothing, and other necessities of life. Every two actual producers now maintain, in addition to "dependents" and other nonproducers who draw from production, the equivalent of one individual that is maintained by governmental expenditure of some sort.

We have reached the breaking point, Mr. President. We have come to the time when unrequited toil staggers under its load. We have reached the point when the faithful, diligent plodder at the plow, or at the anvil, or with the pick, knowing not why, finds that his labor is the labor of Sisyphus; that at the end of the year the burden falls from his shoulders only to be taken up again at the foot of the weary hill; that he can not accumulate; that wages are a mockery; that the purchasing power of the dollar decreases faster than his wages increase. There never was a time, from the discovery of America till now, when it was as hard for the average man to provide food, raiment, and shelter, and pay taxes, and to live; and that agony, when it grows much more acute, is going to end, as the Senator from Idaho has well said, in revolution.

There is a time, says Victor Hugo, when the mind takes fire and a tattered rag becomes a banner. This is the thing that feeds Bolshevism. This is the thing that causes anarchy to whet its knife and to light its torch. This is the seismic disturbance, the volcano that now rumbles under our feet. We must make this Government cost less, and in order to make it cost less we must make it do less. The time to start is now, and I am ready to start with the Senator from Idaho; but I ask him to go further and to do more.

Mr. WATSON. May I ask the Senator a question?

Mr. STANLEY. Certainly.

Mr. WATSON. I am very much interested in the statement the Senator has made. Of course, we all understand that if we are to have all sorts of governmental inspection, it means added numbers to the pay roll, with increased appropriations;



but in order to be practical I would like to ask the Senator where he proposes to begin to lop off. That is to say, would he repeal the pure food law?

Mr. STANLEY. I will say to the Senator that it would take me a long time to answer that question. I made a speech on the floor of the Senate some time ago of several hours' length, in which I took up the laws now governing the Department of Agriculture. There was a bill before the Senate to create a meat-inspection service, and right side by side we provided for inspectors under one department to do exactly the same thing inspectors were doing under another department. I would immediately go over the whole Budget and I would eradicate this duplication. That is the thing to which Senator Aldrich referred a few years ago when he said he could save \$300,000,000 a year. That is just one instance.

Again, I would review the various commissions which have been created, carrying appropriations, and wherever I found that the work could be done by the State as well as by the Nation, and where they had concurrent authority, I would cut out the Federal appropriation wherever possible. Again, with the exception of the construction of public roads, I would forever and eternally stop this pernicious policy of a 50-50 cooperation between the General Government and the States on all sorts of new and untried experiments.

Mr. BORAH. Mr. President, may I make a suggestion to the Senator from Indiana of a matter which is a practical one right now? We are about to pass a ship subsidy bill some of these days. We now have a Shipping Board of seven men drawing \$12,000 a year each. There is not a business man in the United States who would stand that overnight; seven men drawing \$12,000 a year each, where one man could operate it infinitely better, and the responsibility would be greater and more direct if we had one single individual doing it. You can review the commissions now created by the Government of the United States, and by eliminating the number—cutting them down to one, two, or three at the outside—you will get infinitely better service and you will save hundreds of thousands, and even millions, of dollars.

Mr. WATSON. I think there is something in that; but, after all, the Senator would not have one man constitute the Interstate Commerce Commission or one man constitute the Federal Trade Commission. I do not imagine we would want any of our big commissions, which have tremendous jurisdiction, to be reduced to one man in number. As to the Shipping Board, I am not advised.

Mr. STANLEY. I will make another suggestion.

Mr. WATSON. The big point about it is that if we are greatly to reduce public expenses by reducing the number of men on the pay roll we must strike at the system itself, not at a few individuals here and there.

Mr. STANLEY. I would first start with duplication, and right there we would save hundreds of millions.

Mr. WATSON. The Senator is aware of the fact that already that has been undertaken. We have been working at that for a year and a half.

Mr. STANLEY. But we do not cut deep enough. We are afraid to go deep enough.

Mr. WATSON. It is exceedingly difficult to do that.

Mr. STANLEY. Take the labor board, for instance. Two years ago on the floor of the Senate I said that when you cut compulsory arbitration out of the transportation act of 1920 you did away with your labor board, because you had left a body of men who could stir up a row, and then give advice with no authority whatever in the way of a settlement. It was emasculated; it was a political eunuch, and the thing ought to have been abolished right then. You went to work and spent thousands and thousands and thousands on this intricate machinery.

The other day the President said that the labor board could do nothing but give advice, that it was perfectly impotent, that it had been rendered almost contemptible, and that the carriers and the laboring men took turns defying its orders and ignoring in contempt its recommendations. You can do away with that board and save several hundred thousand dollars. I would like to talk until 10 o'clock in the morning making suggestions to the Senator about useless boards, useless offices, useless officers, the perversion of one governmental function and another, the reckless expenditure of public funds for impossible or improper purposes; but the startling and appalling fact remains that you are expending nearly a billion more now than you did five years ago with about half the sources of revenue you had five years ago.

Mr. FLETCHER. May I suggest to the Senator in that connection that one fault is the creation of a lot of temporary commissions for temporary purposes, making appropriations for

those purposes, and having those commissions continue, with all their clerks, and asking for additional appropriations?

Mr. STANLEY. Mr. President, 10 years ago, in an investigation of the United States Steel Corporation, Mr. Gary came before the investigating committee and suggested that the Government fix prices and wages. I had the pleasure the other day of reading a beautiful introduction to one of Herbert Spencer's essays, in which the same Judge Gary said, "They are best governed who are least governed." He has turned a complete industrial and political somersault, and, thank God, he has at last landed on solid ground. At that time, whenever a commission was appointed, they would point to the Interstate Commerce Commission, exercising in its incipency legitimate Federal power. The right to regulate tolls charged upon public highways is almost as old as civilization. It was to give Congress power over interstate commerce more than any other one thing that caused the adoption of the Constitution of the United States.

It was the essential weakness of the old Articles of Confederation. As long as the Interstate Commerce Commission exercised those powers, it was a blessing and beneficent influence and still is. But every day you are preparing to unduly increase the personnel and the powers of that commission, to give it control over wages, to give it purchasing power, to give it police power, and the first thing you know you are going to have an Interstate Commerce Commission of about 50 members costing about \$50,000,000, and the people will rise in their wrath and abolish the whole business.

Mr. JONES of Washington. Mr. President, I am not going to enter into any controversy at this time with reference to the Shipping Board or whether it should be composed of one or more members, but I am going to say that I quite agree with Senators in the suggestion, if they were to suggest it, that the Emergency Fleet Corporation should be controlled and its functions carried out under the control of one man. But the Shipping Board is an entirely different organization, and an entirely different body. It is as nearly like the Interstate Commerce Commission in its relation to shipping as any organization could be and, as the Senator from Indiana [Mr. WATSON] suggested, I do not think anybody would think about putting the powers of the Interstate Commerce Commission into the hands of one man. If Senators investigate the proper functions of the Shipping Board they would no more think of putting those functions in the hands of one man than they would think of putting the functions of the Interstate Commerce Commission in the hands of one man. It is a matter that will no doubt come up in connection with the shipping bill and will be discussed more fully at that time.

Mr. BORAH. Mr. President, I agree perfectly with the Senator from Washington. I have examined the functions of the Shipping Board under the pending bill and I would not put them in the hands of one man, and I would not put them in the hands of 100 men. The functions of the Shipping Board being created under the new bill are practically governmental functions and ought not to be lodged anywhere except in the elective bodies of the United States, the Congress.

Mr. JONES of Washington. I am not talking about the functions of the Shipping Board under the bill. I am talking about the functions of the Shipping Board under the law now on the statute books.

Mr. BORAH. The function of the Shipping Board just now is to make speeches in favor of the ship subsidy bill.

Mr. JONES of Washington. The Senator knows that is a very attractive remark, but that is not the function of the Shipping Board; not that laid down to them by law.

Mr. BORAH. I agree to that, too.

Mr. JONES of Washington. Of course the Senator knows that.

Mr. BORAH. It is not the duty laid upon them by law, but one can not pick up a newspaper that he does not find therein a speech or an article from some member of the Shipping Board advocating some feature of the bill. My view is that one man would be plenty to do that.

Mr. STANLEY. I am not conscious of having said a word about the Shipping Board.

Mr. JONES of Washington. I was not referring to the Senator from Kentucky. I was referring to the Senator from Idaho.

Mr. STANLEY. I purposely kept away from that board. I am reserving a shot at them for a later day. I will say in passing, however, that I would not confer the powers that this bill confers upon the Shipping Board upon any authority in the heavens above or the earth below or the waters under the earth.



Mr. KING. Mr. President, before leaving the question of taxation, I wish to add to the record a few figures. The total indebtedness of 227 cities in the United States of more than 30,000 population in 1919 amounted to \$2,619,551,824. I might add that since that date many of the cities have greatly augmented their bonded indebtedness. There are many cities in the United States whose population is less than 30,000 which have also very large municipal indebtedness. I have not been able to ascertain the aggregate amount of the indebtedness of the cities under 30,000 population, but from the best information I have it exceeds \$200,000,000.

The State indebtedness in 1919—and this does not include the political subdivisions of the States—exceeded \$520,000,000. Since that date the State indebtedness has been very greatly increased. I have been unable to ascertain exactly the amount of the present State indebtedness, but it is, as I am advised, in excess of \$1,000,000,000.

On November 30 our national debt, not including, of course, the outstanding paper currency issued and guaranteed by the Federal Government, was \$22,963,696,739.92. In 1920 corporations paid interest upon indebtedness to the amount of \$2,835,369,000. Assuming this interest to have been 5 per cent, the capitalization would be \$56,705,380,000; that is to say, if the interest paid was \$2,835,000,000 upon the indebtedness, then the indebtedness was substantially \$57,000,000,000 owing by those particular corporations.

In 1920 the Treasury estimate of deductions allowed individuals for interest paid amounted to more than \$700,000,000. This sum capitalized at 5 per cent represents a gross individual indebtedness reported of more than \$3,500,000,000. The outstanding paper currency issued and guaranteed by the Federal Government was more than \$3,875,490,000.

So that the indebtedness of the United States and the people of the United States, as I have indicated, amounts to over \$90,000,000,000. That does not include the indebtedness of school districts and counties and thousands of unreported obligations, and hundreds of millions of indebtedness which bears no rate of interest and which is not reported. So that it is safe to say that the debts of the United States and the people of the United States to-day—and when I say the United States I mean the Federal Government, the State government, the county and municipal subdivisions—would amount to more than \$100,000,000,000, perhaps one-third of the value of all the property in the United States. A debt so stupendous of necessity must be oppressive, and unless some steps be taken to liquidate it and to cut down expenses, the people of the United States, notwithstanding the tremendous resources of the country, must pass through a state of great financial depression, if not bankruptcy.

The PRESIDENT pro tempore. The Secretary will proceed with the reading of the bill.

Reading of the bill was resumed.

The next amendment was, on page 8, line 13, to increase the appropriation for employees in the office of the Chief of Naval Operations from \$55,000 to \$57,450.

The amendment was agreed to.

The next amendment was, on page 9, line 8, after the words "For travel allowance" to strike out "of enlisted men discharged on account of expiration of enlistment," and insert "or for transportation and subsistence as authorized by law of enlisted men upon discharge."

The amendment was agreed to.

The reading of the bill was continued to line 13, page 10, "Recreation for enlisted men."

Mr. SWANSON. Mr. President, under this heading I desire to call attention to an amendment which I wish to offer. On board the battleships and other ships of the Navy they print little newspapers giving news of athletics and other matters of interest to those on board. I send to the desk an amendment which I desire to offer.

The PRESIDENT pro tempore. The amendment will be reported.

The ASSISTANT SECRETARY. On page 10, in line 13, after the last word in the line, add the following additional proviso:

*Provided further, That ships' newspapers are authorized to be published on board ship as heretofore, under such regulations as the Secretary of the Navy may prescribe.*

Mr. POINDEXTER. I have no objection to the amendment. It does not increase the amount of the appropriation. The difficulty the Senator from Virginia is trying to remove is on account of the law which forbids the use of the appropriation for printing. However, this is an exception on account of the printing of little sheets for the amusement and entertainment

of the men on board the ships, which, of course, could not be done at the Public Printing Office.

Mr. FLETCHER. May I ask the chairman of the committee if it permits the establishment of a small printing plant on each ship?

Mr. POINDEXTER. Only a very small hand press. The appropriation is, of course, limited. The amendment does not increase the amount of the appropriation.

Mr. SWANSON. They have the little hand presses already, but their use will be prohibited under a recent law unless the amendment is agreed to.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Virginia.

The amendment was agreed to.

Mr. KING. Mr. President, while we are talking about printing, I ask the Senator why there is such an increase in the allowance which is carried in this bill for printing and binding?

Mr. POINDEXTER. I will answer very briefly that it is because allowances for printing have been taken out of other items and placed in the printing appropriation. Formerly various items contained appropriations available for printing, but those appropriations have been reduced by the amount that had been heretofore appropriated for printing and the corresponding amounts were added to the printing appropriation.

Mr. CURTIS. Mr. President, may I add that that has been done as to all of the departments? Separate amounts for printing in the various bureaus have been eliminated and the appropriations for printing have all been put under one head; so that we now know just where the money is going and how much of it is appropriated for printing.

Mr. KING. I think that is very wise. I can not understand why there should be half a dozen different items in the various bills for the printing of the same department. May I ask, then, whether the appropriation for printing and binding, say, for last year, which appears to have been \$212,250, was greater than the appropriation for printing provided by the pending bill?

Mr. POINDEXTER. It was greater last year.

Mr. KING. Then, eliminating the various printing appropriations of the bill of last year from which drafts might be made, does the aggregate this year exceed the aggregate of last year?

Mr. POINDEXTER. No; there is a decrease of \$9,000 in the total amount.

Mr. KING. Then, the amount of "\$550,000, including not exceeding \$90,000 for the Hydrographic Office," is less than the appropriation of last year?

Mr. POINDEXTER. Yes.

Mr. KING. I discover, however, that the Hydrographic Office last year had only \$50,000 and that this year it has \$90,000. There is an increase of \$40,000.

Mr. POINDEXTER. If the Senator from Utah is speaking of the appropriation for printing, the appropriation for the printing of the Hydrographic Office is about \$5,000 less this year than it was last year.

Mr. KING. The bill of last year—and I am now reading from it—states:

For printing and binding for the Navy Department, \$212,250, including not exceeding \$50,000 for the Hydrographic Office.

In the pending bill—the one we are discussing—I find the following language:

For printing and binding for the Navy Department and the Naval Establishment executed at the Government Printing Office, \$550,000, including not exceeding \$90,000 for the Hydrographic Office.

Mr. POINDEXTER. That is the same amount for printing for the Hydrographic Office as was allowed last year, but the total appropriation for the Hydrographic Office is less this year than it was last year.

Mr. KING. I can not say that I understand the Senator. The pending bill states that there is appropriated \$90,000 for printing for the Hydrographic Office.

Mr. POINDEXTER. I say that for the printing of the Hydrographic Office the appropriation is the same as it was last year.

Mr. KING. Then last year it was more than \$50,000, as stated in the item which I have just read, but it was carried in some other appropriation? Is that the case?

Mr. POINDEXTER. It was carried in a number of different appropriations.

Mr. KING. But the aggregate did not exceed \$90,000?

Mr. POINDEXTER. No.

The PRESIDENT pro tempore. The Secretary will state the next amendment.

The reading of the bill was resumed.



The next amendment of the Committee on Appropriations was, on page 12, line 12, after the word "material," to insert "heat, light, water," so as to read:

NAVAL TRAINING STATIONS.

For maintenance, including labor and material, heat, light, water, general care, repairs, and improvements; school books; and all other incidental expenses for the naval training stations that follow.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. KING. Mr. President, I should like to ask the Senator from Washington what, if anything, has been done under the suggestion made by the Senator from Illinois [Mr. McCormick] with respect to closing a large number of training and other naval stations? My recollection is that the Senator from Illinois offered a resolution dealing with the question. May I inquire of the Senator from Washington what has been done pursuant to that resolution? What modifications have been made and what stations have been closed?

Mr. POINDEXTER. The inspection contemplated by the resolution has been made, but there has been no report submitted. As yet there has been no action taken in respect to the resolution, except to create a board and to conduct an examination.

Mr. KING. The Senator from Washington will recall that the Senator from Illinois challenged the attention of the Senate to the fact that there were hundreds of naval stations of various kinds, and it was conceded, as I understood, by the members of the Naval Affairs Committee that there were entirely too many such stations. The suggestion was made that many of them would be closed. May I ask, once for all, without going into details, whether many of them have been closed? When I say "stations" I refer, of course, to training stations, naval stations, bases and radio stations, a large number of which, it was conceded, were wholly unnecessary. I ask the Senator whether any such stations have been closed?

Mr. POINDEXTER. I just stated to the Senator from Utah that in pursuance of the resolution to which he refers a board was appointed, which has made a careful survey of the various stations, but their report has not as yet been made; they have not completed it. Consequently no action has been taken under the resolution. Orders have been issued closing certain stations; for instance, there was an order issued closing the station at Charleston, S. C., but a tremendous protest arose against that action. I think the matter is in statu quo at the present time; it is held in suspense. There have been great reductions made in the establishments at a number of navy yards, in the navy yard at New Orleans and some other navy yards, but there has been no general action taken, largely on account of the resolution to which the Senator from Utah referred and because of the fact that the question was being investigated by an official board.

Mr. KING. Mr. President, it seems to me that the Committee on Appropriations in preparing the naval appropriation bill ought to inquire into the necessity of maintaining a large number of naval stations. They ought not to ask for the appropriation of a single dollar for a naval station, no matter whether it be a base or training station or what not, unless satisfied that such station is necessary.

If the committee has done its duty—and I have no doubt that it has done its duty—and gone into the question of naval stations with a view to determining whether it is necessary to maintain them, it seems to me that they ought not to await the action of the board appointed under the resolution offered by the Senator from Illinois. It was understood a year ago, when the naval bill was under consideration by the committee, that a large number of stations were absolutely unnecessary and that they would be closed. Now, it seems to me that the committee ought to know whether or not they have been closed, and if they have not been closed, why, if a spirit of economy is to prevail, they have not been closed. Are we to wait indefinitely and maintain these expensive stations until some Secretary of the Navy may have the courage to come to Congress and insist upon abolishing many of them?

Mr. POINDEXTER. To which station is the Senator from Utah referring? The Senator states that there are some of these stations that ought to be abandoned. Does he state that as a fact?

Mr. KING. That is my opinion.

Mr. POINDEXTER. On what is the Senator's opinion based?

Mr. KING. It is based upon an investigation which I made a year ago, and it is based upon the concessions which have been made in reference to the matter.

Mr. POINDEXTER. I think the Senator ought to call such stations to the attention of the committee. My observation is

that the closest scrutiny was given to every appropriation which was requested for a station. There are a great number of navy yards, the usefulness and necessity of which are not questioned at all, for which insignificant appropriations are carried in this bill.

The reductions in the appropriation for navy yards made in this bill run into the millions of dollars as a result of the very scrutiny on the part of the committee which the Senator says ought to be given to the subject. If the Senator knows specifically of a navy yard that ought to be abandoned, we will be very glad to have that information.

Mr. KING. Mr. President, the Senator, I am sure, will recall the fact that the Senator from Illinois called attention in a resolution and in a statement which he submitted to a large number of naval bases and stations in various parts of the United States and in some places outside of the United States, and it was understood, I think, by all the committee—certainly the impression was conveyed to the Senate—that many of those stations were not important and that they ought not to be maintained. I feel sure that some naval officers have strongly recommended the abolition of many of those stations, and I am sure the Secretary of the Navy—and I wish to compliment him for his attitude upon that question—has recommended the abandonment of a number of stations. I am also sure that he has sought to unite several training stations, or at least two training stations, and to bring the training station in Rhode Island and the one in Virginia together. Whether he has made recommendations with respect to the navy yard in New Hampshire, I feel sure that matter has received sympathetic consideration at the hands of some of the naval officers. I believe that the interests of the Government would best be served by abolishing that station. I feel certain that we could abolish, to the advantage of the Government, at least two or three naval stations or bases upon the Atlantic coast. I do not understand that this bill has abolished any of them. We are keeping up the Boston Navy Yard and the one in New Hampshire.

Mr. POINDEXTER. Mr. President, the bill repeals an appropriation of \$750,000 for dredging at one of them, which appropriation was made two years ago and continued in effect last year.

Mr. KING. Does the Senator mean at the navy yard in South Carolina?

Mr. POINDEXTER. Oh, no; at the navy yard in New York. There is practically nothing going on at the navy yard in South Carolina. I think an item of \$20,000 for dredging is all there is appropriated for that yard.

Mr. KING. The Senator recalls an investigation was made by a committee of three, of which I was a member, with respect to the South Carolina navy yard, and I feel that it ought to be abandoned.

Mr. POINDEXTER. That is no reason why we should not economize on other yards.

Mr. KING. I agree with the Senator; but what I am insisting upon is that there should be further abandonment and greater economy.

Mr. POINDEXTER. I just called the Senator's attention to the fact that the committee has gone a long way in the direction he has indicated, even without the help of the Senator and without his suggestion.

Mr. KING. The Senator knows that under the new plan the Naval Affairs Committee have no voice in the preparation of the naval appropriation bill. I am not a member of the Appropriations Committee; and the only members of the Naval Affairs Committee, so far as I know, who participated in preparing the pending bill were the Senator from Washington [Mr. POINDEXTER], the Senator from Vermont [Mr. PAGE], and the Senator from Virginia [Mr. SWANSON]. The other members of the committee know no more about the bill, unless they have taken the trouble to investigate it, than other Members of the Senate.

Mr. SWANSON. Mr. President, if the Senator will permit me, I wish to say that no navy yard can be abolished on the appropriation bill. It can only be abolished by a separate bill.

Mr. KING. The committee can fail to recommend an appropriation.

Mr. SWANSON. If the committee undertook in the appropriation bill to abolish a navy yard provided for by existing law, the amendment would be subject to a point of order, and the bill would have to go back to the committee if a point of order were made and sustained. Any measure proposing to abolish a navy yard would have to be reported out by the Committee on Naval Affairs; a navy yard can not be abolished by action of the Appropriations Committee. The Appropriations Committee merely recommends the appropriation of money for projects authorized by existing law; it can not abol-



ish anything. The committee in the consideration of this bill have given no more money to any navy yard or naval station than is necessary to maintain the yard until its abandonment is authorized by law. Until that time it is necessary at least to have caretakers, and, as to several of the yards, that is about all that is done by this bill. I repeat, a single navy yard can not be abolished until a law is passed providing that the yard shall be abolished, and that is a matter within the province of the Committee on Naval Affairs.

Mr. KING. Mr. President, technically the Senator is right, but, unfortunately, his conclusions are not accurate. There is no doubt that the Committee on Appropriations can refuse to include in the bill an appropriation for any navy yard which they think ought to be abolished; and, by failing to appropriate, that in effect abolishes the yard. I feel that it is the duty of this committee—and when I say "this committee" I mean this committee and the one in the House that has had this matter under consideration—to make such investigations as they may deem proper, and they ought to make very full ones, as to the needs of the Navy; and if they reach the conclusion that any particular yard or naval base ought to be abolished they ought, in the preparation of the appropriation bills, to refuse to include any item for its maintenance. Then, I invite the attention of the House and the Senate to the fact that in the preparation of the bill they have omitted any appropriation for any given base or any given station.

Mr. DIAL. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from South Carolina?

Mr. KING. I do.

Mr. DIAL. The Naval Affairs Committee is now making a very thorough investigation of some of the navy yards, and a report will be made in a reasonable time.

Mr. KING. I am very glad to know that a thorough investigation is being made; but I submit that this committee ought to have made, and I assume that it has made, a thorough investigation; and the question which I propounded was whether or not, after such investigation as satisfied the committee, it had followed the suggestion made by the Senator from Illinois [Mr. McCormick] and either abolished by failing to appropriate or recommended the abolition of any naval bases or any naval stations. I regret that the full information I have sought to obtain has not been elicited; and I shall have to avail myself of other channels of information, perhaps, to obtain that which I desire.

The PRESIDENT pro tempore. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 13, line 21, to increase the appropriation for expenses of organizing, administering, and recruiting the Naval Reserve Force and Naval Militia from \$2,800,000 to \$3,800,000, and, in the same line, to increase the total from \$2,994,000 to \$3,994,000.

Mr. KING. Mr. President, I ask that that amendment be passed over.

The PRESIDENT pro tempore. Is there objection?

Mr. POINDEXTER. Will the Senator give us any reason for asking to have it passed over?

Mr. KING. Yes.

Mr. POINDEXTER. I hope the Senator will not oppose this appropriation for the Naval Militia and Naval Reserve Force, because that is in the interest of a reduced permanent force—the training of civilians, which is the fundamental, basic military policy of the United States. To cut off appropriations for that purpose would be to discourage altogether the policy of training civilians for military purposes and increase the necessity for permanent establishment.

Mr. KING. I addressed myself some time ago to the chairman of the Appropriations Committee, and told him that some of these items, where I was not sufficiently advised, I should ask to go over to give an opportunity to investigate them; and I ask that this go over until I can look into it.

Mr. POINDEXTER. Very well.

The PRESIDENT pro tempore. The amendment will be passed over. The Secretary will continue the reading of the bill.

The reading of the bill was resumed; and the Assistant Secretary read to line 2, page 21, the last paragraph read being:

SALARIES, NAUTICAL ALMANAC OFFICE.

For employees necessary for preparing for publication the American Ephemeris and Nautical Almanac, \$18,420: *Provided*, That no person shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum except one at \$2,500 and one at \$2,000.

Mr. JONES of Washington. Mr. President, I may not be able to be here when the reading of the bill for action on the

committee amendments is concluded and it is open to individual amendments; so I ask unanimous consent that I may offer a small amendment in line 2, page 21. After each word "one" in that line I want to put in the word "assistant"—that makes it conform to the appropriations as we have made them heretofore—so that it will read:

One assistant at \$2,500, and one assistant at \$2,000.

Mr. POINDEXTER. I have no objection to that, Mr. President.

Mr. KING. That does not change the total?

Mr. JONES of Washington. No.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Secretary will state the amendments offered by the Senator from Washington.

The ASSISTANT SECRETARY. On page 21, line 2, after the word "one," the first word in the line, it is proposed to insert the word "assistant."

The amendment was agreed to.

The ASSISTANT SECRETARY. After the word "one," where it appears the second time in the same line, it is proposed to insert the word "assistant."

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 22, line 8, to increase the total of the appropriation for the Bureau of Engineering from \$14,440,000 to \$14,590,000.

Mr. KING. Mr. President, I should like to inquire of the Senator the reason for that increase.

Mr. POINDEXTER. That is a clerical addition on account of the increase that was made in line 14 from \$1,350,000 to \$1,500,000—an increase of \$150,000 for clerical, drafting, inspection, and messenger service in navy yards, naval stations, and offices of United States inspectors of machinery and engineering material. The increased amount is the same as recommended by the Budget, and the same as carried in the act for the current year. It is necessary in order to carry on with some reasonable degree of currency the work of the Engineering Bureau. They are preparing a manual of engineering which is partly completed, portions of which have been issued, and which has proved to be a means of tremendous saving in the operation of ships; and it is sought in the interest of economy to continue this force to carry on that work.

Mr. KING. May I inquire of the Senator whether any part of this appropriation is to be devoted to changing some of the battleships which will be maintained in commission, either the decks or the gun elevations or the mechanism employed in handling the guns?

Mr. POINDEXTER. No part of it is for remodeling or modernizing any ship. That is a matter which is being urged, but the committee did not act on it at all. Of course the battleship *Maryland* is to have certain apparatus installed under one of the appropriations here, but that is not remodeling. That is the completion practically of a new ship, arranging for control of gunfire.

Mr. KING. May I make a general inquiry? Some criticism has come to my attention—indeed, I will say a naval officer has spoken to me—concerning the report that an effort is to be made to modernize, to use the Senator's expression, some of our fighting craft—not only to change the decks, strengthen and improve them and modify them, but also to change the gun carriages and the mode of elevating, lowering, and so forth, at a tremendous cost. May I inquire whether or not there is any such purpose, and, if so, whether this appropriation bill carries any provision to accomplish that end?

Mr. POINDEXTER. The appropriation bill carries nothing for that purpose. Personally, I should like to see it carry something for that purpose, because other naval powers have modernized their fleets, and if we are to carry out the naval policy which we have agreed upon of having a fleet equal to that of any other power it will be necessary for us to do the same thing; but, however that may be, no provision is made for it in this bill.

Mr. KING. I express no opinion as to the propriety of the proposed changes.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment of the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 22, line 14, to strike out "\$1,350,000" and insert "\$1,500,000," so as to make the proviso read:

*Provided*, That the sum to be paid out of this appropriation, under the direction of the Secretary of the Navy, for clerical, drafting, inspection, and messenger service in navy yards, naval stations, and offices of United States inspectors of machinery and engineering material for the fiscal year ending June 30, 1924, shall not exceed \$1,500,000.



Mr. KING. I ask that that item go over.

Mr. POINDEXTER. That is the same item that we have just been considering, involved in the previous line. It is just a correction.

Mr. KING. Then I have no objection. I thought it was an increase in the appropriation for clerical force.

Mr. POINDEXTER. It is a limitation.

Mr. KING. I have no objection.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 23, line 7, to increase the appropriation for services of draftsmen and such other technical services required to carry into effect the various appropriations for "Increase of the Navy" and the appropriation "Engineering" from \$150,000 to \$170,400.

The amendment was agreed to.

The next amendment was, on page 25, line 6, in the items for salaries, Navy Department, to increase the appropriation for services of draftsmen and such other technical services required to carry into effect the various appropriations for "Increase of the Navy" and the appropriation "Construction and repair" from \$170,000 to \$190,000.

The amendment was agreed to.

The next amendment was, on page 25, line 25, to increase the appropriation for ordnance and ordnance stores from \$9,000,000 to \$9,903,000.

Mr. KING. Mr. President, I ask for an explanation as to that increase.

Mr. POINDEXTER. That is not an increase in the total amount carried by the bill. The amount of \$903,000 was stricken from the appropriation for ordnance under "Increase of the Navy" on page 53 and put in here because of the controversy over the question as to whether the *Maryland* should be considered as a completed ship or an incomplete ship. In order to meet the objections on that score, the appropriation was taken out of "Increase of the Navy" and put under the head of "Ordnance" for the purpose of installing antiaircraft guns, fire-control equipment, and ammunition on that ship.

Mr. KING. May I inquire of the Senator whether, in the report submitted by the naval authorities, the amounts required for the various items mentioned in this paragraph were separately and specifically set forth—for instance, for the armament of ships, for fuel, for material, for labor to be used in the general work of the Ordnance Department, for furniture at naval ammunition depots, torpedo stations, naval ordnance plants, and so forth? Did the department submit an itemized statement of the amount which would be employed for each of those items?

Mr. POINDEXTER. Oh, yes; a very minute and detailed statement.

Mr. KING. And is it understood that the general appropriation here may not be differently allocated from the items submitted by the Navy Department?

Mr. POINDEXTER. It was all gone into, not only by the committee but by the Budget, and pruned down so that it would be impossible for them to any extent to interchange those appropriations.

Mr. KING. Is there any rule or regulation or any law which, to use the Senator's expression, would prohibit the interchange of any of those appropriations?

Mr. POINDEXTER. I do not think there is any law that prohibits it, but the necessities of the service practically prohibit it, because the amount is calculated upon the necessities of each one of the activities that are specified in this paragraph. If we take it away from any one of them, that activity can not be maintained.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, on page 26, after line 8, to insert the following paragraph:

For the purchase and manufacture of torpedoes and appliances, to be available until expended, \$550,000.

Mr. KING. I ask for an explanation of that item. It was not reported in the bill as it passed the House.

Mr. POINDEXTER. It was recommended by the Budget Bureau. The purpose of it is simply as stated, for the purchase and manufacture of torpedoes and appliances. The view of the committee was that it is useless to have ships unless you have ordnance and ammunition for the ships. The allowance of torpedoes for the destroyers which the United States has is short to the extent of eight torpedoes for each destroyer, in

order to make the full complement agreed upon by the technical experts of our naval service. In order to maintain the activities at our torpedo factory, and continue to make torpedoes to supply this deficiency, in consideration of the fact that it requires some six months to a year to complete a torpedo, it being one of the most complicated pieces of machinery in the world, it was thought a very wise precaution, so long as we are maintaining a Navy at all, to provide for a supply of torpedoes for the full complement of the vessels which we have.

Mr. KING. Why did not the House committee, which gave considerable attention to the preparation of this bill, and which doubtless heard the experts to whom the Senator refers, make the recommendation?

Mr. POINDEXTER. It is impossible for me to tell what mental processes the House committee used in arriving at their conclusions. They probably thought they were willing to take a chance of getting along without the necessary number of torpedoes. Our committee thought we might as well do away with the ships if we did not have them prepared. There was a large supply of the parts of torpedoes made during the war, and those parts should be used and put together, and the necessary finishing and manufacturing should be performed in order that they should not be entirely wasted. If not used in a few months they will deteriorate so that they would be practically useless, whereas if they are put together and completed in torpedoes they can be preserved for an indefinite length of time.

Mr. FLETCHER. Were they included in the estimates?

Mr. SWANSON. They are included in the estimates. There is enough material on hand to construct about 500 torpedoes, material already paid for, which will be wasted if it is not used within the next two years. This appropriation will take care of about half of it, and the department is very urgent, and state that it will probably cost a great deal of money if these torpedoes are constructed in the future. If not used in two years' time this material will deteriorate so that it can not be used.

Mr. KING. May I say to the Senator from Virginia that the intimation has come to me, although I have not read the testimony in the House hearings, that this is rather to take care of two Government factories, or two private factories, I did not learn which, which were engaged in the past in making torpedoes, and in order to give work to some persons who otherwise might be separated from the service; in other words, that it was not a necessity so much as it was to give employment to individuals.

Mr. SWANSON. That is one of the usual accusations made when an appropriation is asked to continue work. The Navy Department states that the material was bought and paid for during the war to construct about 500 torpedoes, as I previously stated, and they say that there would be great waste if that material is not utilized at this time. It would save from one-third to 25 per cent in the cost of the torpedoes if the material is used now, and they are not compelled to purchase new material later. We need 2,400 torpedoes for our fleet. We have no fast cruisers, and a destroyer is useless without torpedoes. I see no use in spending \$4,000,000 or \$5,000,000 for a destroyer if we do not put torpedoes on it. The Navy Department says it is absolutely necessary. The Budget Bureau recommended it.

Mr. KING. The information furnished me is not sufficient to warrant a persistent opposition to the appropriation. I shall not object to its being voted upon, with the understanding that if I care upon further investigation to move to reconsider, no objection will be made to that motion.

The amendment was agreed to.

The next amendment was, on page 28, line 16, after the word "reenlisting," to strike out "under honorable discharge" and insert "after being honorably discharged," so as to read "extra pay to men reenlisting after being honorably discharged, \$1,839,525."

The amendment was agreed to.

The reading was continued to page 34, line 12, the last paragraph read being as follows:

#### BUREAU OF MEDICINE AND SURGERY.

##### MEDICAL DEPARTMENT.

For surgeon's necessities for vessels in commission, navy yards, naval stations, and Marine Corps; and for the civil establishment at the several naval hospitals, navy yards, naval medical supply depots, Naval Medical School and Dispensary, Washington, and Naval Academy, \$1,760,000: *Provided*, That the sum to be paid out of this appropriation, under the direction of the Secretary of the Navy, for clerical service in naval hospitals, dispensaries, medical supply depots, and Naval Medical School, for the fiscal year ending June 30, 1924, shall not exceed \$150,000.

Mr. KING. May I inquire of the chairman if the appropriation under that heading is not larger than it was a year ago?



Mr. POINDEXTER. Last year it was \$2,400,000. This year it is only \$1,760,000, a very material reduction. It is \$640,000 less than it was last year.

Mr. KING. It occurred to me there ought to be a very material reduction in view of the change in conditions from last year.

The amendment was agreed to.

The next amendment was, on page 38, line 16, to increase the appropriation for nontechnical employees in the Bureau of Yards and Docks from \$50,000 to \$53,350.

The amendment was agreed to.

The next amendment was, on page 38, line 22, to increase the appropriation for services of draftsmen and such other technical services to carry into effect the various appropriations and allotments thereunder from \$120,000 to \$150,340.

The amendment was agreed to.

The reading was continued to page 53, line 17, the last paragraph read being as follows:

In all, for the maintenance of Quartermaster's Department, Marine Corps, \$8,604,943; and the money herein specifically appropriated for the maintenance of the Quartermaster's Department, Marine Corps, shall be disbursed and accounted for in accordance with the existing law as maintenance, Quartermaster's Department, Marine Corps; and for that purpose shall constitute one fund.

Mr. KING. Will the Senator consent to taking a recess at this time? I want to make some observations on the Marine Corps appropriation, and move to reduce the force.

Mr. POINDEXTER. There are one or two other minor amendments yet to be disposed of. Will the Senator allow us to complete those?

Mr. KING. I have no objection.

The reading of the bill was continued.

The next amendment was, on page 51, line 19, after the words "enlisted men" to insert "and accepted applicants for enlistment," so as to read:

#### CONTINGENT, MARINE CORPS.

For freight, expressage, tolls, cartage, advertising, washing bed linen, towels, and other articles of Government property, funeral expenses of officers and enlisted men and accepted applicants for enlistment, and retired officers on active duty during the war and retired enlisted men of the Marine Corps.

The amendment was agreed to.

The next amendment was, on page 53, line 22, to reduce the appropriation for "Increase of the Navy" from \$20,000,000 to \$19,097,000.

The amendment was agreed to.

The next amendment was, on page 55, to strike out lines 7 to 14, inclusive, in the following words, "No part of any appropriation made for the Navy shall be expended for any of the purposes herein provided for on account of the Navy Department in the District of Columbia, including personal services of civilians and of enlisted men of the Navy, except as herein expressly authorized: *Provided*, That there may be detailed to the Bureau of Navigation not to exceed at any one time 34 enlisted men of the Navy," and in lieu to insert:

No part of any appropriation made for the naval service shall be expended for any of the purposes herein provided for on account of the Navy Department in the District of Columbia, including personal services, except as herein expressly authorized.

The amendment was agreed to.

The reading of the bill was concluded.

The PRESIDENT pro tempore. The committee amendments have now been completed.

Mr. KING. Mr. President—

Mr. POINDEXTER. I yield to the Senator from Utah.

Mr. KING. I desire to give notice that on Wednesday next I shall offer an amendment to the pending bill, and perhaps a strict construction of the rule requires that I give notice of my intention to move to suspend paragraph 3 of Rule XVI, so that I may offer the amendment to the pending bill.

The PRESIDENT pro tempore. The Senator from Utah gives notice of an intention to move to suspend the rule, which will be read.

The notice was read, as follows:

Pursuant to the provisions of Rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I will move to suspend paragraph 3 of Rule XVI for the purpose of proposing to the bill (H. R. 13374) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1924, and for other purposes, the following amendment:

That the President is authorized and requested to invite the Governments with which the United States has diplomatic relations to send representatives to a conference to be held in the city of Washington, which shall be charged with the duty of formulating and entering into a general international agreement by which armaments for war, both upon land and sea, shall be effectually reduced and limited in the interest of the peace of nations and the relief of all nations from the burdens of inordinate and unnecessary expenditures for the provision of armaments and the preparation for war.

Mr. POINDEXTER. Mr. President, I desire to give notice that on Wednesday next, upon the convening of the Senate, I shall ask the Senate to proceed with the further consideration of the pending bill. Before moving an executive session I yield to my colleague.

#### BRIDGE ACROSS RED RIVER OF THE NORTH.

Mr. JONES of Washington. On behalf of the Senator from New York [Mr. CALDER], from the Committee on Commerce, I wish to report two bills. First, I report back favorably with amendments the bill (S. 4133) granting the consent of Congress to the State of North Dakota and the State of Minnesota, the county of Pembina, N. Dak., and the county of Kittson, Minn., or any one of them, to construct a bridge across the Red River of the North at or near the city of Pembina, N. Dak., and I submit a report (No. 961) thereon. I ask for its present consideration.

Mr. FLETCHER. The bills do not involve any question such as we had up between New York and New Jersey?

Mr. JONES of Washington. No; they do not. I ask unanimous consent for the present consideration of Senate bill 4133.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The amendments were, on page 1, lines 9 and 10, to strike out the words "and that the time for the commencement and completion of such bridge," and on page 2, lines 3, 4, and 5, to strike out the words "shall be commenced within one year and completed within three years, respectively, from the date of approval hereof"; so as to make the bill read:

*Be it enacted, etc.*, That the consent of Congress is hereby granted to the State of North Dakota and the State of Minnesota, the County of Pembina, N. Dak., and the County of Kittson, Minn., or any one of them, to construct, maintain, and operate a bridge and approaches thereto across the Red River of the North at a point suitable to the interests of navigation at or near the City of Pembina, N. Dak., and in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### BRIDGE ACROSS BIG SIOUX RIVER.

Mr. JONES of Washington. Also, on behalf of the Senator from New York [Mr. CALDER], I report back favorably with amendments from the Committee on Commerce, the bill (S. 4131) granting the consent of Congress to the city of Sioux City, Iowa, and to Union County, in the State of South Dakota, to construct, maintain, and operate a bridge and approaches thereto across the Big Sioux River at a point  $2\frac{1}{2}$  miles north of the mouth of said river, between section 14, township 89, range 48, Woodbury County, Iowa, and section 15, township 89, range 48, Union County, S. Dak., and I submit a report (No. 960) thereon. I ask for its present consideration.

Mr. FLETCHER. I ask the Senator from Washington if he has personally examined these bills.

Mr. JONES of Washington. Yes; I looked over the bills. They are in the usual form.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The amendments were, on page 1, line 7, before the word "two," to insert "suitable to the interests of navigation, about" and in line 8, before the word "between," to insert "and"; so as to make the bill read:

*Be it enacted, etc.*, That the consent of Congress is hereby granted to the city of Sioux City, Iowa, and to Union County, in the State of South Dakota, to construct, maintain, and operate a bridge and approaches thereto across the Big Sioux River at a point suitable to the interests of navigation, about  $2\frac{1}{2}$  miles north of the mouth of said river, and between section 14, township 89, range 48, Woodbury County, Iowa, and section 15, township 89, range 48, Union County, S. Dak., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### REPORT ON TUBERCULOSIS AMONG NORTH AMERICAN INDIANS.

Mr. SPENCER. I submit a report on tuberculosis among the North American Indians by a committee of the National Tuberculosis Association appointed October 23, 1921. I ask



that this report be referred to the Committee on Printing with a view to having it printed as a Senate document.

The PRESIDENT pro tempore. Without objection, the report will be so referred.

#### EXECUTIVE SESSION.

Mr. POINDEXTER. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened and (at 5 o'clock and 10 minutes p. m.) the Senate adjourned until to-morrow, Saturday, December 23, 1922, at 12 o'clock meridian.

#### CONFIRMATIONS.

*Executive nominations confirmed by the Senate December 22, 1922.*

##### APPRAISER OF MERCHANDISE.

Albert H. Reutter to be appraiser of merchandise, collection district No. 38, Detroit, Mich.

##### UNITED STATES DISTRICT JUDGES.

Adam C. Cliffe to be United States district judge, northern district of Illinois.

Frederic P. Schoonmaker to be United States district judge, western district of Pennsylvania.

##### UNITED STATES ATTORNEY.

Edwin A. Olson to be attorney, northern district of Illinois.

##### UNITED STATES MARSHAL.

William A. Dollison to be marshal, district of Colorado.

##### SOLICITOR OF THE DEPARTMENT OF COMMERCE.

Stephen B. Davis, jr., to be Solicitor of the Department of Commerce.

##### POSTMASTERS.

###### GEORGIA.

John E. Puett, Cumming.

Frank M. Meaders, Dahlonega.

###### LOUISIANA.

Ethel I. Montgomery, Delhi.

James L. Hopkins, Marion.

Frank M. Caldwell, Robeline.

###### MISSOURI.

Charles A. Bryant, Richland.

Albert C. Yoder, Rosendale.

###### NEBRASKA.

Wilbur B. Alexander, Ansley.

Paul R. Lorange, Auburn.

Joseph N. Fuller, Butte.

Joseph Jones, Carroll.

Sturley T. Stevens, Comstock.

Kathrene Patrick, Ericson.

Lafayette O. Roblee, Lewellen.

Elizabeth Rucker, Steele City.

###### NEW JERSEY.

Horace E. Forsyth, Bayhead.

Forman R. Thompson, Matawan.

###### NORTH DAKOTA.

Burt E. Stewart, Minot.

Ettephina C. W. Winkler, Montpelier.

###### OHIO.

Allen E. Young, Medina.

###### OKLAHOMA.

Ernest C. Werrell, Depew.

Lan A. Avenett, Goodwell.

Harry Andrews, Marland.

Milton M. Bay, Morris.

###### SOUTH CAROLINA.

John D. Heidtman, Sumter.

###### TEXAS.

Marvin F. Carroll, Bryan.

Stanley F. Labus, Falls City.

Jesse D. Starks, Floydada.

Curtis D. Crossman, Garland.

John H. Wilson, Jacksboro.

John B. Reneau, Munday.

###### VERMONT.

Orrin H. Jones, Wilmington.

## HOUSE OF REPRESENTATIVES.

FRIDAY, December 22, 1922.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We thank Thee, our dear heavenly Father, that Thou art still within the shadows keeping watch above Thine own. The blessing of a great comfort is ours, as we are reminded again that the divine love extends to the very bounds of creation; that all mortals, over whom the skies bend in solemn silence, are within the folds of the Father's arms. The Lord God bless, direct, and endow with great wisdom the House of Representatives. May goodness and truth always be defended against the wrong. We bless Thee that this day is ours. To-morrow and all the future may we leave to Thee, without anxiety and unhappy contemplation, for our times are in Thine hands. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### EXTENSION OF REMARKS.

Mr. McKENZIE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the bill H. R. 11903, a bill covering what is known as the Ford proposal to take over Muscle Shoals.

The SPEAKER. The gentleman from Illinois asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

The extension of remarks referred to is here printed in full as follows:

Mr. McKENZIE. Mr. Speaker, in asking the unanimous consent of the House to extend my remarks in the RECORD in connection with H. R. 11903, the bill reported from the Committee on Military Affairs recommending the adoption of the Ford proposal, with slight modifications, to take over what is known as the Muscle Shoals property, is the indulgence in a practice which I have been careful to avoid during my service in the House of Representatives, always preferring to say whatever I desire to say from the floor of the House. However, in this short session of Congress, in view of the vast amount of legislative work to be done, I fully realize that time should not be taken by Members to discuss legislation which is not before the House at that particular time for final action, and having this in mind I asked for and was granted the privilege of extending my remarks in the RECORD on this proposition. It is understood by the membership of the House that as acting chairman of the Committee on Military Affairs I submitted the report and the recommendations contained therein accompanying H. R. 11903. A copy of this report undoubtedly can be procured by anyone desiring to study it, either from the document room or the clerk of the Committee on Military Affairs of the House. In reporting this bill I earnestly endeavored to bring out the facts in connection with this great project without prejudice or favoritism, being impressed with the gigantic undertaking involved and the necessity for carrying out the development and operations at this particular place, to the best advantage of the people of our entire country, and I am at a loss to know what I could add to the reasoning set forth in my report that would tend to aid the Members of the House in coming to a conclusion as to the best method of disposing of this very important matter.

I am not unmindful, nor have I been at any time, of the great diversity of honest opinion in relation to this subject. It is a matter of such far-reaching importance, involving questions of public policy and the establishment of a precedent on which men may honestly differ. There is one point on which I am satisfied, and on which all unprejudiced men will agree, and that is that this question should be definitely settled in some manner and removed from the field of discussion.

It has not been my purpose to assume any pride in the adoption of the particular ideas contained in my report on this matter, and I have at all times stood ready to cheerfully accept any proposition, that at least on its face, guarantees more to the people of our country, than does the proposal submitted by Mr. Henry Ford.

I am prompted to make this extension of remarks as a result of a short speech delivered on the floor of the House, on December 14, 1922, by my colleague on the Committee on Military Affairs, Mr. KEARNS, of Ohio. In this speech he proceeded to say that there had been much misleading information concerning the offer of Mr. Henry Ford sent out through Congress and